

**PINEY CREEK VILLAGE
METROPOLITAN DISTRICT**

Financial Statements

Year Ended December 31, 2025

with

Independent Auditors' Report

C O N T E N T S

Page

Independent Auditors' Report

I

Basic Financial Statements

Balance Sheet/Statement of Net Position - Governmental Funds

1

Statement of Revenues, Expenditures and Changes in
Fund Balances/Statement of Activities - Governmental Funds

2

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund

3

Notes to Financial Statements

4

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Debt Service Fund

18

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected

19

Independent Auditors' Report

Board of Directors
Piney Creek Village Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Piney Creek Village Metropolitan District (the “District”) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, and the respective changes in financial position 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

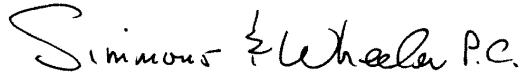
Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Simmons & Wheeler P.C.".

Englewood, CO
July 30, 2026

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 324,673	\$ -	\$ 324,673	\$ -	\$ 324,673
Cash and investments - restricted	9,466	50,791	60,257	-	60,257
Receivable - County Treasurer	1,411	1,289	2,700	-	2,700
Property taxes receivable	292,015	253,763	545,778	-	545,778
Prepaid expenses	<u>4,745</u>	<u>-</u>	<u>4,745</u>	<u>-</u>	<u>4,745</u>
Total Assets	<u>632,310</u>	<u>305,843</u>	<u>938,153</u>	<u>-</u>	<u>938,153</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 632,310</u>	<u>\$ 305,843</u>	<u>\$ 938,153</u>		
LIABILITIES					
Accounts payable	\$ 10,251	\$ -	\$ 10,251	-	10,251
Accrued interest on bonds	-	-	-	12,784	12,784
Long-term liabilities:					
Due within one year	-	-	-	305,000	305,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,150,000</u>	<u>3,150,000</u>
Total Liabilities	<u>10,251</u>	<u>-</u>	<u>10,251</u>	<u>3,467,784</u>	<u>3,478,035</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>292,015</u>	<u>253,763</u>	<u>545,778</u>	<u>-</u>	<u>545,778</u>
Total Deferred Inflows of Resources	<u>292,015</u>	<u>253,763</u>	<u>545,778</u>	<u>-</u>	<u>545,778</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	4,745	-	4,745	(4,745)	-
Restricted:					
Emergencies	9,466	-	9,466	(9,466)	-
Debt service	-	52,080	52,080	(52,080)	-
Unassigned	<u>315,833</u>	<u>-</u>	<u>315,833</u>	<u>(315,833)</u>	<u>-</u>
Total Fund Balances	<u>330,044</u>	<u>52,080</u>	<u>382,124</u>	<u>(382,124)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 632,310</u>	<u>\$ 305,843</u>	<u>\$ 938,153</u>		
Net Position:					
Restricted for:					
Emergencies				9,466	9,466
Debt service				39,297	39,297
Unrestricted				<u>(3,134,422)</u>	<u>(3,134,422)</u>
Total Net Position				<u>\$ (3,085,660)</u>	<u>\$ (3,085,660)</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
General expenses:					
Accounting	\$ 13,705	\$ -	\$ 13,705	\$ -	\$ 13,705
Audit	5,000	-	5,000	-	5,000
Directors fees	1,685	-	1,685	-	1,685
Election expense	1,394	-	1,394	-	1,394
Insurance	4,478	-	4,478	-	4,478
Legal	11,458	-	11,458	-	11,458
Management fees	8,321	-	8,321	-	8,321
Miscellaneous expenses	3,427	-	3,427	-	3,427
Payroll taxes	137	-	137	-	137
SDA	310	-	310	-	310
Treasurer's fees	4,498	4,110	8,608	-	8,608
Debt Service:					
Loan principal	-	4,155,000	4,155,000	(4,155,000)	-
Loan interest expense	-	159,701	159,701	24,703	184,404
Loan issuance costs	-	112,047	112,047	-	112,047
Paying agent fees	-	2,900	2,900	-	2,900
Total Expenditures	<u>54,413</u>	<u>4,433,758</u>	<u>4,488,171</u>	<u>(4,130,298)</u>	<u>357,874</u>
GENERAL REVENUES					
Property taxes	299,563	273,754	573,317	-	573,317
Specific ownership taxes	16,305	14,903	31,208	-	31,208
Interest income	<u>9,742</u>	<u>13,244</u>	<u>22,986</u>	<u>-</u>	<u>22,986</u>
Total General Revenues	<u>325,610</u>	<u>301,901</u>	<u>627,511</u>	<u>-</u>	<u>627,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	271,197	(4,131,857)	(3,860,660)	4,130,298	269,638
OTHER FINANCING SOURCES (USES)					
Loan proceeds	<u>-</u>	<u>3,505,000</u>	<u>3,505,000</u>	<u>(3,505,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,505,000</u>	<u>3,505,000</u>	<u>(3,505,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	271,197	(626,857)	(355,660)	355,660	
CHANGE IN NET POSITION				269,638	269,638
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>58,847</u>	<u>678,937</u>	<u>737,784</u>	<u>(4,093,081)</u>	<u>(3,355,297)</u>
END OF YEAR	<u>\$ 330,044</u>	<u>\$ 52,080</u>	<u>\$ 382,124</u>	<u>\$ (3,467,784)</u>	<u>\$ (3,085,660)</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 299,990	\$ 299,990	\$ 299,563	\$ (427)
Specific ownership taxes	17,999	17,999	16,305	(1,694)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>9,742</u>	<u>8,742</u>
Total Revenues	<u>318,989</u>	<u>318,989</u>	<u>325,610</u>	<u>6,621</u>
EXPENDITURES				
Accounting	11,500	11,500	13,705	(2,205)
Audit	4,750	4,750	5,000	(250)
Directors fees	1,500	1,500	1,685	(185)
Election expense	6,000	6,000	1,394	4,606
Insurance	4,250	4,250	4,478	(228)
Legal	7,000	7,000	11,458	(4,458)
Management fees	9,500	9,500	8,321	1,179
Miscellaneous expenses	1,000	1,000	3,427	(2,427)
Payroll taxes	115	115	137	(22)
SDA	1,000	1,000	310	690
Treasurer's fees	4,500	4,500	4,498	2
Contingency	10,000	139,315	-	139,315
Emergency reserve	<u>9,570</u>	<u>9,570</u>	<u>-</u>	<u>9,570</u>
Total Expenditures	<u>70,685</u>	<u>200,000</u>	<u>54,413</u>	<u>145,587</u>
NET CHANGE IN FUND BALANCE	248,304	118,989	271,197	152,208
FUND BALANCE:				
BEGINNING OF YEAR	<u>55,473</u>	<u>55,472</u>	<u>58,847</u>	<u>3,375</u>
END OF YEAR	<u>\$ 303,777</u>	<u>\$ 174,461</u>	<u>\$ 330,044</u>	<u>\$ 155,583</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Piney Creek Village Metropolitan District, (“the District”), located in Arapahoe County, Colorado (“the County”); conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on June 18, 2001, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

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

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

Budgetary Accounting

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

Subsequent to year end the District amended its appropriations in the General Fund from \$70,684 to \$200,000, and its appropriations in the Debt Fund from \$4,365,381 to \$4,500,000, primarily due to unanticipated expenditure of funds in excess of those originally appropriated for the fiscal year 2025.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

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

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of 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. As of December 31, 2025, the District has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

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

All assets were transferred to Arapahoe County and East Cherry Creek Valley water and Sanitation District as of December 2003.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed \$545,778 for 2025. Since these taxes are not normally available to the District until 2025, they are classified as deferred income until 2026.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$4,745 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$9,466 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$52,080 is restricted for the payment of the debt service costs associated with the 2025 Loan (see Note 4).

Assigned Fund Balance

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

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (continued)

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 2: Cash and Investments

As of December 31, 2025, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 324,673
Cash and investments - Restricted	<u>60,257</u>
Total	\$ <u>384,930</u>

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

Deposits with financial institutions	\$ 1,277
Investments – COLOTRUST	<u>383,653</u>
	\$ <u>384,930</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

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; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 2: Cash and Investments (continued)

Credit Risk

The District investment policy requires that the District follow state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2025, the District had the following investments:

COLOTRUST

As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the next asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor's. At December 31, 2025, the District had \$383,653 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

The District has previously completed and transferred all capital assets to Arapahoe County and East Cherry Creek Valley Water and Sanitation District.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 4: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2025:

	<u>Balance</u> <u>12-31-24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12-31-25</u>	<u>Current</u> <u>Portion</u>
<u>Loans from direct borrowing</u> <u>and direct placements:</u>					
Series 2025 Loan	\$ -	\$ 3,505,000	\$ 50,000	\$ 3,455,000	\$ 305,000
Refunding Loan-Series					
2015	<u>4,105,000</u>	<u>-</u>	<u>4,105,000</u>	<u>-</u>	<u>-</u>
Total Long-term Debt	<u>\$ 4,105,000</u>	<u>\$ 3,505,000</u>	<u>\$ 4,155,000</u>	<u>\$ 3,455,000</u>	<u>\$ 305,000</u>

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

2025 General Obligation Refunding Loan (\$3,505,000)

On April 16, 2025, the District and BOKF, NA D/B/A BOK Financial (the “Lender”) entered into a Loan Agreement (the “2025 Loan Agreement”) pursuant to which the Lender loaned the District \$3,505,000 for the purpose of refunding the District’s 2015 Loan (the “2025 Loan”). The District used the 2025 Loan, along with money from the District’s Debt Service Fund, to refund the \$4,105,000 outstanding balance of the 2015 Loan (described below). As a result of the issuance of the 2025 Loan, the 2015 Loan is considered to be defeased.

The 2025 Loan matures on December 1, 2034 (the “2025 Loan Maturity Date”) and bears a base interest rate of 4.440% per annum, or the higher rate determined by any applicable Taxable Rate Increase (as defined in the 2025 Loan Agreement). Principal payments on the 2025 Loan are due on each December 1, commencing on December 1, 2025 (“Principal Payment Date”), and interest payments are due on each June 1 and December 1, commencing on June 1, 2025. The District may, at its option, prepay all or any part of the principal of the 2025 Loan at any time upon at least five (5) business days notice to the Lender and payment to the Lender of a sum equal to: a) the interest, if any, due on such date; b) the remaining and outstanding principal balance, and c) a Yield Maintenance Fee (as defined in the 2025 Loan Agreement).

Repayment of principal amounts owing under the 2025 Loan shall occur on each Principal Payment Date as set forth below. On the 2025 Loan Maturity Date (December 1, 2034), the outstanding principal balance of the 2025 Loan shall be due and payable in full.

Note 4: Long-Term Debt (continued)

The 2025 Loan is payable from and secured by the 2025 Loan Pledged Revenue, which consists of the 2025 Loan Required Mill Levy (described below), the portion of the Specific Ownership Taxes (as defined in the 2025 Loan Agreement) which is collected as a result of the imposition of the 2025 Loan Required Mill Levy, and any other legally available moneys which the Board of Directors of the District determines in its sole discretion to apply as the 2025 Loan Pledged Revenue.

Subject to the limitations of the District's electoral authorization, and as further described in the 2025 Loan Agreement, the 2025 Loan Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the Loan Payment Fund (as defined in the 2025 Loan Agreement), to pay the principal of, prepayment fee, if any, and interest on the 2025 Loan when due, without limitation of rate and in amounts sufficient to make such payments when due.

An Event of Default (as defined by the 2025 Loan Agreement) includes, but is not limited to, the following a) failure or refusal by the District to impose the 2025 Loan Required Mill Levy or to apply the 2025 Loan Pledged Revenue as required by the 2025 Loan Agreement, b) failure by the District to perform any of the covenants, agreements, or conditions required by the 2025 Loan Agreement or the other Financing Documents (as defined in the 2025 Loan Agreement) and failure to remedy the default within 30 days of notice by the Lender, provided, however, that there shall be no Event of Default for failure to perform any of these covenants, agreements, or conditions if a court or other jurisdiction has determined them to be unlawful, c) determination that any representation or warranty made by the District proves to be untrue or incomplete in any material respect, and d) the default in the payment of principal or interest when due on any financial obligation of the District in excess of \$50,000 and continuance of such default beyond any grace period.

2015 Loan Agreement and Note (\$6,085,000)

On May 5, 2015, the District and U.S. Bank National Association (the "Bank") entered into a Loan Agreement pursuant to which the Bank loaned the District \$6,085,000 ("2015 Loan") for the purpose of refunding the District's \$6,600,000 General Obligation Limited Tax Convertible to Unlimited Tax Bonds, Series 2005 ("2005 Bonds"). The 2015 Loan was obtained to provide \$6,400,261 in order to refund the outstanding balance of the 2005 Bonds of \$6,070,000. The District executed a Promissory Note evidencing the 2015 Loan in the total amount of \$6,085,000.

The 2015 Loan matured on August 1, 2025 and bore interest at a fixed rate of 2.68%. Principal payments on the Loan were due on each December 1, commencing on December 1, 2015, and interest payments are due on each June 1 and December 1, commencing December 1, 2015. On any date on or after May 5, 2022, the District was able to, at its option, prepay all or any part of the principal of the Loan plus accrued interest without any prepayment penalty. The 2015 Loan was subsequently refunded in 2025.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 4: Long-Term Debt (continued)

The following is a summary of the annual long-term debt principal and interest requirements as of December 31, 2025:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 305,000	\$ 153,402	\$ 458,402
2027	320,000	139,860	459,860
2028	340,000	125,652	465,652
2029	360,000	110,556	470,556
2030	385,000	94,572	479,572
2031-2034	<u>1,745,000</u>	<u>199,134</u>	<u>1,944,134</u>
	<u>\$ 3,455,000</u>	<u>\$ 823,176</u>	<u>\$4,278,176</u>

The District had no unused lines of credit as of December 31, 2025.

Note 5: Service Plan

The District's Service Plan was approved by Arapahoe County (the "County") on January 16, 2001, as it may be amended from time to time (the "2001 Service Plan"), after which all of the real property within the District's boundaries was annexed into the boundaries of the City of Centennial (the "City"). The City approved the First Amendment to the 2001 Service Plan on February 17, 2015, which eliminated the mill levy cap with the objective to lower the District's overall mill levy in the long-term by refinancing its existing bonds and lowering the annual interest rate on its indebtedness (the "First Amendment" and together with the 2001 Service Plan, the "Service Plan"). These goals can be met by pledging an unlimited mill levy for bond repayment.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 6: Debt Authorization Limit

The limit on the District's ability to issue debt is set forth in its Service Plan as \$12,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit. As of December 31, 2025 the amount of debt authorization remaining within the Service Plan Debt Issuance Limit for the District is \$5,400,000 (the "Remaining Service Plan Authority"). In the future, the District may issue a portion or all of the Remaining Service Plan Authority for purposes of providing public improvements to support development as it occurs within the District's service area. The District did not budget to issue any debt in 2026.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

On November 6, 2001 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
- 2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTARY INFORMATION

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 274,183	\$ 274,183	\$ 273,754	\$ (429)
Specific ownership taxes	16,451	16,451	14,903	(1,548)
Interest income	<u>9,000</u>	<u>9,000</u>	<u>13,244</u>	<u>4,244</u>
Total Revenues	<u>299,634</u>	<u>299,634</u>	<u>301,901</u>	<u>2,267</u>
EXPENDITURES				
Loan principal	4,179,259	4,179,259	4,155,000	24,259
Loan interest expense	74,259	74,259	159,701	(85,442)
Loan issuance costs	100,000	100,000	112,047	(12,047)
Paying agent fees	2,750	2,750	2,900	(150)
Contingency	5,000	139,619	-	139,619
Treasurer's fees	<u>4,113</u>	<u>4,113</u>	<u>4,110</u>	<u>3</u>
Total Expenditures	<u>4,365,381</u>	<u>4,500,000</u>	<u>4,433,758</u>	<u>66,242</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(4,065,747)	(4,200,366)	(4,131,857)	68,509
OTHER FINANCING SOURCES (USES)				
Loan proceeds	3,500,000	3,500,000	3,505,000	5,000
Transfers in	<u>-</u>	<u>38,392</u>	<u>-</u>	<u>(38,392)</u>
Total Other Financing Sources (Uses)	<u>3,500,000</u>	<u>3,538,392</u>	<u>3,505,000</u>	<u>(33,392)</u>
NET CHANGE IN FUND BALANCE	(565,747)	(661,974)	(626,857)	35,117
FUND BALANCE:				
BEGINNING OF YEAR	<u>661,974</u>	<u>661,974</u>	<u>678,937</u>	<u>16,963</u>
END OF YEAR	<u>\$ 96,227</u>	<u>\$ -</u>	<u>\$ 52,080</u>	<u>\$ 52,080</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2025

	Prior						
	Year Assessed						
	Valuation						
	for Current						Percent
Year Ended	Year Property	Mills Levied		Total Property Tax			
<u>December 31,</u>	<u>Tax Levy</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>		<u>Collected</u>
							<u>to Levied</u>
2003	\$ 1,894,570	37.000	0.000	\$ 70,099	\$ 69,664		99.38%
2004	\$ 3,359,730	37.000	0.000	\$ 124,310	\$ 120,475		96.91%
2005	\$ 4,384,570	42.550	0.000	\$ 186,563	\$ 186,563		100.00%
2006	\$ 5,643,470	2.550	40.000	\$ 240,130	\$ 240,130		100.00%
2007	\$ 8,491,620	2.550	40.000	\$ 361,318	\$ 361,319		100.00%
2008	\$ 10,377,960	2.550	40.000	\$ 441,582	\$ 441,265		99.93%
2009	\$ 10,352,350	2.550	40.000	\$ 440,492	\$ 440,286		99.95%
2010	\$ 8,427,110	4.000	40.000	\$ 370,793	\$ 369,392		99.62%
2011	\$ 8,405,700	4.000	40.000	\$ 369,851	\$ 369,851		100.00%
2012	\$ 7,659,960	4.500	48.000	\$ 402,148	\$ 402,148		100.00%
2013	\$ 7,694,120	4.500	55.000	\$ 457,800	\$ 457,800		100.00%
2014	\$ 8,322,670	5.500	54.000	\$ 495,199	\$ 494,151		99.79%
2015	\$ 8,330,099	5.500	54.000	\$ 495,641	\$ 495,641		100.00%
2016	\$ 9,331,398	3.000	34.000	\$ 345,262	\$ 345,264		100.00%
2017	\$ 9,345,357	3.011	34.000	\$ 345,881	\$ 345,881		100.00%
2018	\$ 9,686,971	3.313	37.550	\$ 395,839	\$ 395,839		100.00%
2019	\$ 9,693,469	3.313	37.550	\$ 396,104	\$ 396,104		100.00%
2020	\$ 10,239,422	3.340	37.852	\$ 421,783	\$ 421,766		100.00%
2021	\$ 10,275,559	3.340	37.852	\$ 423,270	\$ 423,271		100.00%
2022	\$ 10,117,588	3.340	37.852	\$ 416,764	\$ 416,764		100.00%
2023	\$ 10,110,162	3.340	37.852	\$ 416,458	\$ 416,458		100.00%
2024	\$ 13,287,367	3.340	39.815	\$ 573,417	\$ 572,522		99.84%
2025	\$ 13,302,746	22.251	20.611	\$ 574,173	\$ 573,317		99.85%
Estimated for							
year ending							
December 31,							
2026	\$ 12,949,074	22.551	19.597	\$ 545,778			

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.