SOLA METROPOLITAN DISTRICT – COMMERCIAL
Boulder County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

SOLA METROPOLITAN DISTRICT - COMMERCIAL
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FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sola Metropolitan District - Commercial
Boulder County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sola Metropolitan District - Commercial (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 thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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.

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Auditor's Responsibility 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 supplementary information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
October 12, 2026

BASIC FINANCIAL STATEMENTS

SOLA METROPOLITAN DISTRICT – COMMERCIAL
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 83,841
Cash and Investments - Restricted	460,329
Accounts Receivable	121,030
Prepaid Expenses	2,449
Prepaid Insurance	7,514
Property Tax Receivable	849,194
Receivable from County Treasurer	2,249
Capital Assets:	
Capital Assets, Net of Depreciation	2,218,753
Total Assets	3,745,359
LIABILITIES	
Accounts Payable	9,714
Accrued Interest	39,873
Noncurrent Liabilities:	
Due Within One Year	121,000
Due in More Than One Year	15,566,305
Total Liabilities	15,736,892
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	849,194
Deferred Economic Gain on Debt Refunding	1,100,923
Total Deferred Inflows of Resources	1,950,117
NET POSITION	
Net Investment in Capital Assets	(3,083,866)
Restricted for:	
Emergency Reserve	6,200
Debt Service	524,637
Net Position - Unrestricted	(11,388,621)
Total Net Position	$ (13,941,650)

See accompanying Notes to Basic Financial Statements.

SOLA METROPOLITAN DISTRICT – COMMERCIAL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 288,981	$ -	$ -	$ -	$ (288,981)
Interest on Long-Term Debt and Related Costs	723,305	-	-	-	(723,305)
Total Governmental Activities	$ 1,012,286	$ -	$ -	$ -	(1,012,286)
GENERAL REVENUES					
Property Taxes					581,405
Specific Ownership Taxes					27,060
Interest Income					1,337
Fee Revenue - Copper Stone					154,011
Fee Revenue - Lafayette Traditions					41,137
Fee Revenue - True Up					117,994
Other Revenue					5,355
Total General Revenues					928,299
CHANGES IN NET POSITION					(83,987)
Net Position - Beginning of Year					(13,857,663)
NET POSITION - END OF YEAR					$ (13,941,650)

See accompanying Notes to Basic Financial Statements.

SOLA METROPOLITAN DISTRICT - COMMERCIAL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 83,841	$ -	$ -	$ 83,841
Cash and Investments - Restricted	6,200	454,129	-	460,329
Accounts Receivable	20,211	100,819	-	121,030
Prepaid Expenses	2,449	-	-	2,449
Prepaid Insurance	7,514	-	-	7,514
Property Tax Receivable	111,714	737,480	-	849,194
Receivable from County Treasurer	541	1,708	-	2,249
Total Assets	$ 232,470	$ 1,294,136	$ -	$ 1,526,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 9,714	$ -	$ -	$ 9,714
Total Liabilities	9,714	-	-	9,714
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	111,714	737,480	-	849,194
Total Deferred Inflows of Resources	111,714	737,480	-	849,194
FUND BALANCES				
Nonspendable:				
Prepaid Expense	2,449	-	-	2,449
Prepaid Insurance	7,514	-	-	7,514
Restricted for:				
Emergency Reserves	6,200	-	-	6,200
Debt Service	-	556,656	-	556,656
Assigned to:				
Subsequent Year's Expenditures	31,948	-	-	31,948
Unassigned	62,931	-	-	62,931
Total Fund Balances	111,042	556,656	-	667,698
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 232,470	$ 1,294,136	$ -	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,218,753
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Loans Payable	(9,536,000)
Accrued Loan Interest	(39,873)
Deferred Economic Gain on Debt Refunding	(1,100,923)
Developer Advance Payable	(3,393,270)
Accrued Developer Advance Interest	(2,758,035)
Net Position of Governmental Activities	$ (13,941,650)

See accompanying Notes to Basic Financial Statements.

SOLA METROPOLITAN DISTRICT – COMMERCIAL
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				
Property Taxes	$ 139,770	$ 441,635	$ -	$ 581,405
Specific Ownership Taxes	6,505	20,555	-	27,060
Interest Income	-	1,337	-	1,337
Fee Revenue - Copper Stone	25,720	128,291	-	154,011
Fee Revenue - Lafayette Traditions	6,856	34,281	-	41,137
Fee Revenue - True Up	19,705	98,289	-	117,994
Other Revenue	5,355	-	-	5,355
Total Revenues	203,911	724,388	-	928,299
EXPENDITURES				
Current:				
Accounting	37,823	-	-	37,823
Auditing	6,800	-	-	6,800
Banking Fees	135	14	-	149
County Treasurer's Fee	2,097	6,625	-	8,722
District Management	32,416	-	-	32,416
Dues and Membership	701	-	-	701
Insurance	7,417	-	-	7,417
Irrigation Repairs	2,922	-	-	2,922
Landscaping	39,591	-	-	39,591
Legal	7,897	-	-	7,897
Miscellaneous	2,512	-	-	2,512
Repairs and Maintenance	600	-	-	600
Snow Removal	5,327	-	-	5,327
Utilities	16,456	-	-	16,456
Loan Interest 2024A	-	390,825	-	390,825
Loan Interest 2024B	-	188,500	-	188,500
Loan Principal 2024A	-	114,000	-	114,000
Loan Issue Costs	-	7,500	-	7,500
Total Expenditures	162,694	707,464	-	870,158
OTHER FINANCING SOURCES (USES)				
Transfers from/(to) Other Fund	(13,873)	-	13,873	-
Total Other Financing Sources (Uses)	(13,873)	-	13,873	-
NET CHANGE IN FUND BALANCES	27,344	16,924	13,873	58,141
Fund Balances (Deficits) - Beginning of Year	83,698	539,732	(13,873)	609,557
FUND BALANCES - END OF YEAR	$ 111,042	$ 556,656	$ -	$ 667,698

See accompanying Notes to Basic Financial Statements.

SOLA METROPOLITAN DISTRICT – COMMERCIAL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	58,141
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.		
Depreciation Expense		(126,273)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.		
Loan Principal		114,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Interest Payable - Change in Liability		(7,304)
Accrued Interest Payable - Developer Advance		(244,875)
Amortization of Deferred Economic Gain		122,324
Changes in Net Position of Governmental Activities	$	(83,987)

See accompanying Notes to Basic Financial Statements.

SOLA METROPOLITAN DISTRICT – COMMERCIAL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 144,680	$ 139,770	$ (4,910)
Specific Ownership Taxes	5,787	6,505	718
Fee Revenue - Copper Stone	25,669	25,720	51
Fee Revenue - Lafayette Traditions	12,700	6,856	(5,844)
Fee Revenue - True Up	-	19,705	19,705
Other Revenue	-	5,355	5,355
Total Revenues	188,836	203,911	15,075
EXPENDITURES			
Accounting	44,100	37,823	6,277
Auditing	7,000	6,800	200
Banking Fees	250	135	115
Contingency	1,485	-	1,485
County Treasurer's Fee	2,170	2,097	73
District Management	32,000	32,416	(416)
Dues and Membership	800	701	99
Election	3,000	-	3,000
Tree/Plant Replacement	25,000	-	25,000
Insurance	8,200	7,417	783
Irrigation Repairs	7,500	2,922	4,578
Landscaping	40,000	39,591	409
Legal	18,000	7,897	10,103
Miscellaneous	502	2,512	(2,010)
Repairs and Maintenance	10,000	600	9,400
Snow Removal	6,500	5,327	1,173
Tree Care	5,000	-	5,000
Utilities	25,000	16,456	8,544
Total Expenditures	236,507	162,694	73,813
OTHER FINANCING SOURCES (USES)			
Transfers to Other Fund	-	(13,873)	(13,873)
Total Other Financing Uses	-	(13,873)	(13,873)
NET CHANGE IN FUND BALANCE	(47,671)	27,344	75,015
Fund Balance - Beginning of Year	53,421	83,698	30,277
FUND BALANCE - END OF YEAR	$ 5,750	$ 111,042	$ 105,292

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

SoLa Metropolitan District - Commercial (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on July 10, 2008, by order and decree of the Boulder County District Court and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Lafayette, in Boulder County, Colorado. The District was organized in conjunction with SoLa Metropolitan District – Institutional District. The Districts collectively will undertake the financing and construction of the public improvements. The Districts operate under a Consolidated Service Plan approved by the City of Lafayette on April 1, 2008, which was amended and restated on May 23, 2017. The District shall have the power to provide the following types of services: finance, design, construction, acquisition, installation, and to the extent necessary, operation and maintenance of services and facilities for street improvements, safety protection, transportation, water, sanitation, and park and recreation services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, 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 level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

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 Board of 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, at the taxpayer's election, or in equal installments in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets component of the District's net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives on a straight-line basis, as applicable.

Streets	30 Years
Parks and Trails	25 Years
Detention Pond	50 Years
Landscaping	15 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District reports two items as deferred inflows of resources. Deferred property tax revenue represents amounts levied for a future period and is recognized as an inflow of resources in the period in which the amounts become available. The deferred economic gain on debt refunding is recognized as a component of interest expense over the remaining life of the related debt.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 fund balance that does not meet any of the criteria described above.

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

Adoption of New Accounting Standards

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

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments	$	83,841
Cash and Investments - Restricted		460,329
Total Cash and Investments	$	544,170

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	$	94,034
Investments		450,136
Total Cash and Investments	$	544,170

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

On December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $94,034.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

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

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

Investment	Maturity	Amount
Western Alliance Trust Company	Weighted Average	
WAB NII Fund	Under 60 Days	$ 450,136

Western Alliance Trust Company

The District invests its debt service reserve funds in a public funds money market investment. The public funds money market is an investment vehicle available to governmental entities and is designed to provide principal stability and liquidity while earning interest. The investment may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, and other authorized short-term investments permitted under Colorado Revised Statutes. The investment seeks to maintain a stable net asset value. The balance is restricted for debt service purposes in accordance with the related debt agreement.

The public funds money market investment is not rated. The District believes the investment is not exposed to significant interest rate, credit, or custodial credit risk due to its investment in high-quality, short-term instruments and principal stability objectives.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Being Depreciated:				
Streets	$ 1,925,353	$ -	$ -	$ 1,925,353
Parks and Trails	662,589	-	-	662,589
Landscaping	491,246	-	-	491,246
Detention Pond	142,039	-	-	142,039
Total Capital Assets, Being Depreciated	3,221,227	-	-	3,221,227
Less Accumulated Depreciation for:				
Streets	449,246	64,178	-	513,424
Parks and Trails	185,528	26,504	-	212,032
Landscaping	221,540	32,750	-	254,290
Detention Pond	19,887	2,841	-	22,728
Total Accumulated Depreciation	876,201	126,273	-	1,002,474
Total Capital Assets, Being Depreciated, Net	2,345,026	(126,273)	-	2,218,753
Governmental Activities Capital Assets, Net	$ 2,345,026	$ (126,273)	$ -	$ 2,218,753

For the year ended December 31, 2025, depreciation expense was charged to the general government function of the District in the amount of $126,273.

Governmental Activities	
General Government	$ 126,273
Total Depreciation Expense - Governmental Activities	$ 126,273

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations on December 31, 2025, were as follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Notes/Loans/Bonds from Direct Borrowings and Direct Placements					
Series 2024A Loan	$ 6,750,000	$ -	$ 114,000	$ 6,636,000	$ 121,000
Series 2024B Subordinate Loan	2,900,000	-	-	2,900,000	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	9,650,000	-	114,000	9,536,000	121,000
Other Debts					
Developer Advances					
Operating	1,329,329	-	-	1,329,329	-
Capital	2,063,941	-	-	2,063,941	-
Accrued Interest on					
Operating	689,086	79,760	-	768,846	-
Capital	1,824,074	165,115	-	1,989,189	-
Subtotal Other Debts	5,906,430	244,875	-	6,151,305	-
Total Long-Term Obligations	$ 15,556,430	$ 244,875	$ 114,000	$ 15,687,305	$ 121,000

The details of the District's long-term obligations are as follows:

$6,850,000 Special Revenue Refunding Loan, Senior Promissory Note, Series 2024A

On August 14, 2024, the District entered into a special revenue refunding loan agreement with Western Alliance Business Trust, a Delaware statutory trust, or a wholly owned affiliate of Western Alliance Bank, as lender (the Lender) in the amount of $6,850,000 (the 2024 Loan) for the purposes of refunding the 2012 Bonds and a portion of the accrued interest on the 2009 Subordinate Bonds, and paying certain costs of issuance. The 2024 Loan is memorialized in the form of a Senior Promissory Note.

The 2024 Loan bears a tax-exempt interest rate of 5.790% per annum and is payable semiannually on June 1 and December 1, beginning on December 1, 2024. Interest on the 2024 Loan is calculated on the basis of a 360-day year, and the actual number of days elapsed. The principal payment is due annually on December 1, beginning on December 1, 2024. The 2024 Loan has a final maturity date of December 1, 2034.

The 2024 Loan and the Senior Promissory Note are special limited revenue obligations payable from and secured by the Pledged Revenue, which means: a) the Required Mill Levy, b) the Pledge Agreement Revenues, c) the District Fees, d) the portion of Specific Ownership Tax Revenues which are collected as a result of the Required Mill Levy, and e) any other legally available moneys at the District's discretion.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Prepayment

The Loan may be prepaid at the option of the District in whole or, with the consent of the Lender, in part on any Payment Date after December 1, 2026, at a prepayment price equal to the principal so prepaid plus accrued interest thereon plus the Prepayment Fee equal to a percentage of the principal amount so redeemed, as follows:

December 1, 2026, and June 1, 2027	3.00%
December 1, 2027, and June 1, 2028	2.00
December 1, 2028, and June 1, 2029	1.00
December 1, 2029, and thereafter	0.00

Events of Default

The Loan Agreement defines the following conditions as Events of Default:

a) The District fails to pay when due any principal of, prepayment premium, if any, and/or interest on a Loan or any other amounts due and owing to the Lender,
b) Nonpayment of the District Fees,
c) The District fails to impose the Required Mill Levy or fails or refuses to collect or apply the Pledged Revenue as required herein, in the Pledge Agreement or in the Custodial Agreement,
d) The District fails to observe or perform any other of the covenants, agreements, duties or conditions on the part of the District in this Agreement or the other Financing Documents,
e) Any representation or warranty made by the District in the Loan Agreement or in any other Financing Document to which the District is a party or any certificate, instrument, financial or other statement furnished by the District to Lender in connection with the Loan proves to have been untrue or incomplete in any material respect when made or deemed made,
f) An event of default has occurred under the Custodial Agreement,
g) The District initiates, acquiesces or consents to any proceedings to dissolve the District or to consolidate the District with other similar entities into a single entity or the District shall otherwise cease to exist,
h) The District shall commence any case, proceeding or other action
    a. under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, liquidation, dissolution, winding-up, composition or other relief with respect to it or its debts; or
    b. seeking the appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors.
i) An event of default occurs under the Pledge Agreement.
j) The Loan Agreement or any other Financing Document or material provision thereof ceases to be valid or binding on the District.
k) Any funds or investments established under the Loan Agreement or related Custodial Agreement become subject to any writ, judgment, warrant or attachment.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies

Upon the occurrence and during the continuance of any Event of Default and subject to the provision of an Event of Default Notice, the Lender, at its option, may do any one or more of the following:

a) impose the Default Rate on the Loan Balance in accordance with the provisions of the Loan Agreement,
b) apply all amounts constituting Collateral to the Loan Balance and all interest accrued and unpaid thereon, in any order of priority determined by the Lender,
c) proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Lender, and
d) take any other action or exercise any other remedy available hereunder or under the other Financing Documents, at law or in equity.

Acceleration is not a remedy for an event of default, nor will the District be liable for punitive or consequential damages.

Collateral

No assets have been pledged as collateral for the Series 2024A Loan or Senior Promissory Note.

$2,900,000 Subordinate Revenue Note, Series 2024B

On August 14, 2024, contemporaneously with the issuance of the Senior Loan and the Senior Promissory Note, the District issued its Subordinate Revenue Notes to the former holders of the 2009 Subordinate Bonds in the aggregate amount of $2,900,000 (the Subordinate Notes) as part of the Project. In exchange for payment from the District from the Subordinate Note proceeds, the 2009 Subordinate Bond bondholders accepted the offer in the Tender Notice to refund the 2009 Subordinate Bonds and surrender all of the 2009 Junior Lien Bonds. The Subordinate Notes are special revenue obligations of the District, payable only from the Subordinate Pledged Revenue and are subordinate in all respects to the 2024 Loan and the Senior Promissory Note.

The Subordinate Notes bear interest at 6.5% per annum, calculated based on a 360 day of twelve 30-day months. The principal payment is due annually on December 15, commencing on December 15, 2024. The interest is payable annually on the principal balance of the Subordinate Notes commencing December 15, 2024, and the 15th day of December thereafter. The Subordinate Notes mature on December 1, 2031, and terminate on December 31, 2050 (the Termination Date), with any unpaid amounts outstanding as of the Termination Date extinguished.

Optional Redemption

The Subordinate Notes are subject to redemption, at par plus accrued interest, at any time prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Mandatory Principal Payments

The principal amount on the Subordinate Note is to be paid annually by agreement.

The Subordinate Note is payable from available Subordinate Pledged Revenue. As such, principal payments are not estimable, and no schedule of maturity is disclosed.

Events of Default

The occurrence or existence of any one or more of the following events are considered an event of default:

a) Nonpayment of Principal or Interest, failure to impose the Subordinate Mill Levy, and failure to collect the Subordinate Pledged Revenue,
b) Breach or Nonperformance of Duties as described in the Note Agreement
c) The District files a petition under the federal bankruptcy law.

Remedies

Upon the occurrence and during the continuance of any Event of Default and subject to the provision of an Event of Default Notice, the Lender, at its option, may do any one or more of the following:

a) proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Lender, and
b) The failure of the District to proceed in accordance with the agreement does not relieve the District of any liability for failure to perform or carry out its duties under the agreement.

Acceleration is not a remedy for an event of default, nor will the District be liable for punitive or consequential damages.

Collateral

No assets have been pledged as collateral on the 2024 Subordinate Note.

The District's long-term obligations will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 121,000	$ 384,224	$ 505,224
2027	128,000	377,219	505,219
2028	136,000	369,807	505,807
2029	144,000	361,933	505,933
2030	153,000	353,595	506,595
2031-2034	5,954,000	1,320,468	7,274,468
Total	$ 6,636,000	$ 3,167,246	$ 9,803,246

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

Pursuant to the Consolidated Service Plan, the District, as well as SoLa Metropolitan District - Institutional, shall not issue debt in excess of $23,000,000 total aggregate principal amount. The District's maximum mill levy per the Service Plan is 50 mills for debt service for as long as the aggregate debt attributable to the District exceeds 50% of the District's assessed valuation, as adjusted for changes in the ratio of actual value to assessed value of property within the District. Additionally, the District's maximum operations mill levy is 20 mills, but the maximum operations mill levy shall be reduced if the District's debt mill levy exceeds 40 mills so that the total of the debt and operations mill levy is limited to 60 mills.

Developer Advances

The District has entered into Reimbursement Agreements with the Developer as follows:

Facilities Funding and Reimbursement Agreement

On December 20, 2011, the District and SoLa, Inc. (the Developer) entered into the Facilities Funding and Reimbursement Agreement 2011 – 2014, as amended on November 11, 2014, and as amended on November 15, 2017, to extend the term of the Agreement through December 31, 2047, pursuant to which the District agrees to reimburse the Developer for advances made to or on behalf of the District plus interest of 8% compounding annually for costs related to the construction of public improvements and organizational costs of the District and the Institutional District subject to limitations set forth in the Service Plan. As of December 31, 2025, outstanding advances under the agreement totaled $2,063,941 and accrued interest totaled $1,989,189.

Operations Funding Agreement

On December 20, 2011, the District and the Developer entered into the 2012 – 2018 Operation Funding Agreement, as amended on May 16, 2017, to adjust the interest rate from 8% to 6%, pursuant to which the District agrees to reimburse the Developer for advances made to or on behalf of the District for operations, maintenance, and administrative expenses of the District, including advances made prior to 2012 plus 6% interest per annum until paid.

On September 12, 2022, the District entered into an Operating Reimbursement Agreement that amended, superseded, and replaced in its entirety the 2012 – 2018 Operation Funding Agreement as amended on May 16, 2017. Pursuant to the Operating Reimbursement Agreement, the District agrees to reimburse the Developer for the advances related to the operations, maintenance, and administrative expenses of the District, including all advances made prior to the date of the agreement, plus 6% simple interest per annum (cumulatively, the operating reimbursement amount) until paid or until December 31, 2048, whichever date occurs first. Any portion of the operating reimbursement amount not paid by December 31, 2048, shall be deemed discharged, paid and canceled. As of December 31, 2025, outstanding advances under the agreement totaled $1,329,329 and accrued interest totaled $768,846.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	$ 2,218,753
Current Portion of Outstanding Long-Term Obligations	(47,217)
Noncurrent Portion of Outstanding Long-Term Obligations	(5,255,402)
Net Investment in Capital Assets	$ (3,083,866)

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 6,200
Debt Service	524,637
Total Restricted Net Position	$ 530,837

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of long-term debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is SoLa, Inc. Certain members of the Board of Directors are employees of, owners of, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

Facilities Funding, Construction, and Operations Agreement

On December 20, 2011, the District and SoLa Metropolitan District - Institutional (the Institutional District) entered into the SoLa Metropolitan District - Commercial and SoLa Metropolitan District - Institutional Facilities Funding, Construction and Operations Agreement establishing certain expectations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plan of the Districts for the purpose of providing, in a timely and coordinated fashion, essential services within the Districts. Pursuant to this agreement, the District is designated as the Management District and agrees to provide: 1) project administration services (generally comprised of contracting for and supervising the acquisition, construction, operation and maintenance of public improvements), and 2) district administration services (including, but not limited to, serving as the depository for district records, coordinating board meetings, filing notices, preparing financial reports and budgets, and coordinating legal, accounting, management, engineering and other professional services) for both Districts. Pursuant to this agreement, the Institutional District agrees to impose a mill levy to pay its share of the costs of such services, at a rate determined annually in accordance with the procedures set forth in the agreement, and to remit the revenues therefrom to the District.

Amended and Restated Pledge Agreement

On January 1, 2012, the District and the Institutional District (collectively, the Districts) entered into a Senior Capital Pledge Agreement pursuant to which each District pledged to impose the Senior Mill Levy for payment of its share of debt service on the 2012 Bonds and a Subordinate Capital Pledge Agreement related to the revenues pledged for the 2009 Subordinate Bonds and the 2009 Junior Lien Bonds.

On August 14, 2024, the Districts executed an Amended and Restated Pledge Agreement with Western Alliance Trust Company N.A., (the Custodian), which terminated the Senior Capital Pledge Agreement and the Subordinate Capital Pledge Agreement and by which the Districts pledged certain revenues and covenanted to take certain actions to generate revenues to pay the 2024 Loan and Senior Promissory Note and the Subordinate Notes.

Development Agreement – Murphy Public Improvements

The District and the City of Lafayette (the City) entered into a Development Agreement with Murphy Oil USA, Inc. (Murphy) on December 16, 2013, establishing that the District shall construct certain city public improvements that must be completed prior to the City's willingness to grant a certificate of occupancy for any buildings constructed on Lot 2C, Filing 1 (the Property). In connection with this agreement, the District is required to establish an escrow account in the amount equal to 125% of the estimated improvement costs. The District deposited $150,841 to the escrow account held with Land Title Guarantee Company. If and when the City initially accepts any of the Murphy Public Improvements, the City shall have the Escrow Agent transfer to the District any remaining funds in the escrow account, less the minimum warranty amount, which is 10% of the estimated costs of the improvements. There is a three-year warranty period on the improvements, and once expired, the balance of any remaining funds in the escrow account will be returned to the District. On December 31, 2025, the balance in this account was $6,867.

NOTE 8 AGREEMENTS (CONTINUED)

Copper Stone Fee Payment Agreement

On April 1, 2018, the Districts entered into a Fee Pay Agreement (the Copper Agreement) with Copper Stone Apartments, LLC (Copper Stone), an entity exempt from property taxation, for the purpose of collecting a District Fee in substitution of a payment in lieu of taxes (PILOT). The annual amount of the District Fee is set forth in the agreement and is reasonably calculated in an amount estimated to be equal to the revenue that would be derived from the annual Debt Service Mill Levy and the Operations Mill Levy imposed by the Institutional District. The agreement is effective commencing in tax collection year 2018 through tax collection year 2033. In 2025, the District recognized $154,011 in revenue related to the agreement.

The Copper Agreement acknowledges that the Parties to the agreement intend that the amount of District Fees paid under the agreement are calculated to produce revenue that is not materially less or more than the amount of PILOTs that would otherwise be payable under the Declaration of Use Restrictions and Covenants in the real property records of Boulder County, Colorado at Reception Number 03350940 (the Covenants) during the Fee Payment Term. The District is required to report an accounting to Copper Stone by August 15th each year based on the actual assessed valuation if the District determines that a deviation of 10% or more exists between the cumulative amount of District Fees paid and the PILOTs that otherwise would be payable under the Covenants. In the event of an over(under) payment, the District will credit (bill) Copper Stone an amount equal to the difference payable on October 1. During 2025, this accounting resulted in a true up of $117,994.

Lafayette Traditions Fee Payment Agreement

On June 4, 2020, the Districts entered into a Fee Pay Agreement (the Lafayette Agreement) with Lafayette Traditions Apartments, LLC (Lafayette Traditions), an entity exempt from property taxation, for the purpose of collecting a District Fee in substitution of a PILOT. The annual amount of the District Fee is set forth in the agreement and is reasonably calculated in an amount estimated to be equal to the revenue that would be derived from the annual Debt Service Mill Levy and the Operations Mill Levy imposed by the Institutional District. The agreement is effective commencing in tax collection year 2020 through tax collection year 2035. In 2025, the District recognized $41,137 in revenue related to the agreement.

The Lafayette Agreement acknowledges that the Parties to the agreement intend that the amount of District Fees paid under the agreement are calculated to produce revenue that is not materially less or more than the amount of PILOTs that would otherwise be payable under the Declaration of Use Restrictions and Covenants in the real property records of Boulder County, Colorado at Reception Number 03350940 (the Covenants) during the Fee Payment Term. The District is required to report an accounting to Lafayette Traditions by August 15th each year based on the actual assessed valuation if the District determines that a deviation of 10% or more exists between the cumulative amount of District Fees paid and the PILOTs that otherwise would be payable under the Covenants. In the event of an over(under) payment, the District will credit (bill) Lafayette Traditions an amount equal to the difference payable on October 1. During 2025, this accounting resulted in a true up of $3,036.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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.

On May 6, 2008, District voters passed an election question to initially increase property taxes by $35,000 annually for the first full fiscal year and then by the additional amounts that are raised annually thereafter by the imposition of an ad valorem property tax levy of 20 mills to pay the District's operational and maintenance costs, without regard to any limitation under TABOR. Additionally, on May 8, 2012, District voters passed an election question to increase property taxes annually by up to $23,000,000 without regard to any limitations under TABOR or Section 29-1-301, Colorado Revised Statutes with no mill levy limitation. However, the District's Consolidated Service Plan limits the District's operations mill levy to 20.000 mills.

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.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado. Annual operating revenue is limited to a 5.25% increase; such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

NOTE 11 SUBSEQUENT EVENTS

During February 2026, all members of the District's Board of Directors resigned from their positions. Vacancies on the Board were subsequently filled through appointment procedures in accordance with applicable Colorado law. Management evaluated the effect of these resignations and determined that no adjustment to the accompanying financial statements was required.

SUPPLEMENTARY INFORMATION

SOLA METROPOLITAN DISTRICT – COMMERCIAL
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 457,148	$ 441,635	$ (15,513)
Specific Ownership Taxes	18,286	20,555	2,269
Fee Revenue - Copper Stone	128,342	128,291	(51)
Fee Revenue - Lafayette Traditions	63,502	34,281	(29,221)
Fee Revenue - True Up	-	98,289	98,289
Interest Income	5,084	1,337	(3,747)
Other Revenue	250,000	-	(250,000)
Total Revenues	922,362	724,388	(197,974)
EXPENDITURES			
Banking Fees	-	14	(14)
County Treasurer's Fee	6,857	6,625	232
Contingency	250,000	-	250,000
Paying Agent Fees	7,000	-	7,000
Loan Interest 2024A	390,825	390,825	-
Loan Interest 2024B	153,680	188,500	(34,820)
Loan Principal 2024A	114,000	114,000	-
Loan Issue Costs	-	7,500	(7,500)
Total Expenditures	922,362	707,464	214,898
NET CHANGE IN FUND BALANCE	-	16,924	16,924
Fund Balance - Beginning of Year	-	539,732	539,732
FUND BALANCE - END OF YEAR	$ -	$ 556,656	$ 556,656

SOLA METROPOLITAN DISTRICT – COMMERCIAL
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	$ -	$ -	$ -
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers from Other Fund	-	13,873	13,873
Total Other Financing Sources	-	13,873	13,873
NET CHANGE IN FUND BALANCE	-	13,873	13,873
Fund Balance (Deficit) - Beginning of Year	-	(13,873)	(13,873)
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

SOLA METROPOLITAN DISTRICT – COMMERCIAL
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

	$6,850,000 Series 2024A General Obligation Special Revenue Refunding Loan Interest Rate 5.79% Interest Payable June 1 and December 1 Principal Payable December 1		
Year Ending December 31,	Principal	Interest	Total
2026	$ 121,000	$ 384,224	$ 505,224
2027	128,000	377,219	505,219
2028	136,000	369,807	505,807
2029	144,000	361,933	505,933
2030	153,000	353,595	506,595
2031	162,000	344,737	506,737
2032	171,000	335,357	506,357
2033	182,000	325,456	507,456
2034	5,439,000	314,918	5,753,918
Total	$ 6,636,000	$ 3,167,246	$ 9,803,246

SOLA METROPOLITAN DISTRICT – COMMERCIAL
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Property Tax Levy	General Operations	Debt Service	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2021	$ 10,379,255	10.000	50.000	$ 622,756	$ 621,867	99.86 %
2022	10,336,286	10.000	50.000	620,177	622,335	100.35
2023	10,296,376	10.000	50.000	617,783	618,629	100.14
2024	8,413,756	16.811	50.000	562,131	554,742	98.69
2025	8,520,610	16.980	53.652	601,828	581,405	96.61
Estimated for the Year Ending December 31, 2026	$ 13,732,574	8.135	53.703	$ 849,194		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

Source: Boulder County Assessor and Treasurer.