

PARKDALE METROPOLITAN DISTRICT NO. 1
Boulder County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Parkdale Metropolitan District No. 1
Boulder County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position, and the 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. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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 opinion on the basic financial statements is 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 listed in the table of contents, is presented for purposes of additional analysis 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Duggio & Associates, P.C.

June 26, 2026

BASIC FINANCIAL STATEMENTS

PARKDALE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Receivable from County Treasurer	\$ 5,114
Property Tax Receivable	<u>2,273,264</u>
Total Assets	<u>2,278,378</u>
LIABILITIES	
Due to Parkdale Community Authority	<u>5,114</u>
Total Liabilities	<u>5,114</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>2,273,264</u>
Total Deferred Inflows of Resources	<u>2,273,264</u>
NET POSITION	
Total Net Position	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

PARKDALE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS Primary Government: Governmental Activities: General Government	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	\$ 1,413,829	\$ -	\$ -	\$ (1,413,829)
Total Governmental Activities	\$ 1,413,829	\$ -	\$ -	(1,413,829)
GENERAL REVENUES				
Property Taxes				1,351,826
Specific Ownership Taxes				61,520
Interest Income				483
Total General Revenues				1,413,829
CHANGE IN NET POSITION				
Net Position - Beginning of Year				-
NET POSITION - END OF YEAR				
				\$ -

See accompanying Notes to Basic Financial Statements.

PARKDALE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Receivable from County Treasurer	\$ 1,180	\$ 3,934	\$ 5,114
Property Tax Receivable	<u>524,595</u>	<u>1,748,669</u>	<u>2,273,264</u>
Total Assets	<u>\$ 525,775</u>	<u>\$ 1,752,603</u>	<u>\$ 2,278,378</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Parkdale Community Authority	<u>\$ 1,180</u>	<u>\$ 3,934</u>	<u>\$ 5,114</u>
Total Liabilities	1,180	3,934	5,114
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	<u>524,595</u>	<u>1,748,669</u>	<u>2,273,264</u>
Total Deferred Inflows of Resources	524,595	1,748,669	2,273,264
FUND BALANCES			
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 525,775</u>	<u>\$ 1,752,603</u>	<u>\$ 2,278,378</u>

NOTE: Amounts reported for governmental activities in the Statement of Net Position are the same as above.

PARKDALE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 311,956	\$ 1,039,870	\$ 1,351,826
Specific Ownership Taxes	14,197	47,323	61,520
Interest Income	111	372	483
Total Revenues	<u>326,264</u>	<u>1,087,565</u>	<u>1,413,829</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	4,683	15,611	20,294
Transfers To Parkdale Community Authority	321,581	1,071,954	1,393,535
Total Expenditures	<u>326,264</u>	<u>1,087,565</u>	<u>1,413,829</u>
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE: Amounts reported for governmental activities in the Statement of Activities are the same as above.

**PARKDALE METROPOLITAN DISTRICT NO. 1
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	\$ 315,741	\$ 311,956	\$ (3,785)
Specific Ownership Taxes	12,630	14,197	1,567
Interest Income	-	111	111
Other Revenue	1,629	-	(1,629)
Total Revenues	<u>330,000</u>	<u>326,264</u>	<u>(3,736)</u>
EXPENDITURES			
County Treasurer's Fee	4,736	4,683	53
Transfer to Parkdale Community Authority	323,635	321,581	2,054
Contingency	1,629	-	1,629
Total Expenditures	<u>330,000</u>	<u>326,264</u>	<u>3,736</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Parkdale Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Boulder County on May 11, 2018 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Erie on October 24, 2017. The District's service area is located entirely within the Town of Erie, in Boulder County, Colorado. There was a First Amendment to the Service Plan dated August 27, 2019 and then an Amended and Restated Service Plan approved on December 10, 2019.

The District was established in conjunction with Parkdale Metropolitan District No. 2 (District No. 2) and Parkdale Metropolitan District No. 3 (District No. 3 and, together with the District and District No. 2, the Districts) to plan for, design, acquire, construct, install, and finance certain public improvements.

The Districts, pursuant to the Colorado Constitution Article XIV, Sections 18(2)(a) and (b) and Sections 29-1-203 and 29-1-203.5, C.R.S. (the Act), have entered into that Agreement Establishing the Parkdale Community Authority (the Authority) dated as of February 20, 2020 (as further amended or supplemented from time to time, the Establishment Agreement), establishing the Authority to provide the Services (as defined in the Establishment Agreement, generally comprised of the street improvements, traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements, and irrigation system improvements contemplated by the Service Plan for the Districts) and ongoing covenant enforcement, design review services and maintenance services, including landscaping and snow removal and, in connection therewith, to incur financial obligations on behalf of the Districts.

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

The District is not financially accountable for any other organization.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 property 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 and the sum of liabilities and deferred inflows is reported as net position.

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 as general revenues.

Separate financial statements are provided for the 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. Redemption of bonds is 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 District 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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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

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 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 and investments.

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 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale 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 deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Authority Fees

The Districts and the Authority adopted a joint resolution to impose an Operations Fee that is comprised of a recurring payment and a transfer payment. Each residential unit is charged a recurring payment fee of \$219 quarterly. A transfer payment fee of \$600 is imposed on transfers of a vacant lot or residential unit by an end user, with certain exceptions, and is collected at the time of transfer. The Authority collects the Operations Fee.

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.

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.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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.

As of December 31, 2025, the District had no cash deposits.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 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.

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 no investments.

NOTE 4 LONG-TERM OBLIGATIONS

Authorized Debt

Pursuant to the Amended and Restated Service Plan, the Districts are permitted to issue bond indebtedness of up to \$100,000,000 (Service Plan Debt Issuance Limit). In no event are the Districts authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on May 8, 2018, and May 5, 2020, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,950,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of \$2,852,252,000.

In the future, the Districts may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area.

NOTE 5 AGREEMENTS

Parkdale Community Authority Establishment Agreement

The Districts, pursuant to the Colorado Constitution Article XIV, Sections 18(2)(a) and (b) and Sections 29-1-203 and 29-1-203.5, C.R.S. (the Act), have entered into that Agreement Establishing the Parkdale Community Authority (the Authority) dated as of February 20, 2020 (as further amended or supplemented from time to time, the Establishment Agreement), establishing the Authority to provide the Services (as defined in the Establishment Agreement, generally comprised of the street improvements, traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements, and irrigation system improvements contemplated by the Service Plan for the Districts) and ongoing covenant enforcement, design review services and maintenance services, including landscaping and snow removal and, in connection therewith, to incur financial obligations on behalf of the Districts.

Operating Pledge Agreement

On March 27, 2020 the Districts and the Authority entered into an Operating Pledge Agreement (Operating Pledge Agreement). The Operating Pledge Agreement established the terms by which the Districts agreed to pledge certain revenues to the Authority for payment of the Districts and Authority's Administrative Services and O&M Services (as defined in the Operating Pledge Agreement). Specifically, the District agrees to impose the Required Mill Levy and remit the revenue therefrom, including specific ownership tax, to support the payment of the Administrative Services and O&M Services. The Agreement does not constitute a debt or indebtedness of any District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation, and the making of any payments hereunder shall be at all times subject to annual appropriation by each District. During 2025, the District transferred \$321,581 to the Authority under this agreement.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 AGREEMENTS (CONTINUED)

Senior Capital Pledge Agreement

On August 5, 2020, the District, the Authority, and UMB Bank, N.A. entered into a Senior Capital Pledge Agreement (Initial Principal Component: \$20,710,000), as amended and restated on June 4, 2025 by and among the District, the Authority, and BOKF, N.A (Amended and Restated Senior Capital Pledge Agreement). The Amended and Restated Senior Capital Pledge Agreement replaced UMB Bank, N.A. with BOKF, N.A as trustee and established the terms by which the District agreed to pledge certain revenues to the Authority for payment of the Authority's Limited Tax Supported (District No. 1) Revenue Refunding Bonds, Series 2025A (Series 2025A Bonds) and Additional Obligations (as defined in the Amended and Restated Senior Capital Pledge Agreement), and covenanted to take certain actions with respect to generating such revenues. Specifically, the District agrees to impose the Senior Required Mill Levy, and remit the revenue therefrom, including specific ownership tax, to support the repayment of the Authority's Series 2025A Bonds and Additional Obligations. During 2025, the District transferred \$1,071,954 to the Authority under this agreement.

Subordinate Capital Pledge Agreement

On August 5, 2020, the District, the Authority, and UMB Bank, N.A. entered into a Subordinate Capital Pledge Agreement (Initial Principal Component: \$4,848,000), as amended and restated on June 4, 2025 by and among the District, the Authority, and BOKF, N.A (Amended and Restated Subordinate Capital Pledge Agreement). The Amended and Restated Subordinate Capital Pledge Agreement replaced UMB Bank, N.A. with BOKF, N.A as trustee and established the terms by which the District agreed to pledge certain revenues to the Authority for payment of the Authority's Subordinate Limited Tax Supported (District No. 1) Revenue Refunding Bonds, Series 2025B(3) (Series 2025B Bonds) and Additional Subordinate Obligations (as defined in the Amended and Restated Subordinate Capital Pledge Agreement), and covenanted to take certain actions with respect to generating such revenues. Specifically, the District agrees to impose the Subordinate Required Mill Levy, and remit the revenue therefrom, including specific ownership tax, to support the repayment of the Authority's Series 2025B Bonds and Additional Subordinate Obligations.

Second Subordinate Revenue Pledge Agreement

On March 14, 2024, the District, the Authority, and UMB Bank, N.A. entered into a Second Subordinate Revenue Pledge Agreement, as amended and restated on June 4, 2025 by and among the District, the Authority, and BOKF, N.A (Amended and Restated Second Subordinate Revenue Pledge Agreement). The Amended and Restated Second Subordinate Revenue Pledge Agreement replaced UMB Bank, N.A. with BOKF, N.A as trustee and established the terms by which the District agreed to pledge certain revenues to the Authority for payment of the Authority's Second Subordinate Limited Tax Supported (District No. 1) Revenue Bonds, Series 2024C(3)-1 (Series 2024C(3)-1 Bonds) and Additional Second Subordinate Obligations (as defined in the Second Subordinate Revenue Pledge Agreement), and covenanted to take certain actions with respect to generating such revenues. Specifically, the District agrees to impose the Second Subordinate Required Mill Levy, and remit the revenue therefrom, including specific ownership tax, to support the repayment of the Authority's Series 2024C(3)-1 Bonds and Additional Second Subordinate Obligations.

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 AGREEMENTS (CONTINUED)

Intergovernmental Agreement

On November 13, 2018, the Districts entered into an Intergovernmental Agreement with Town of Erie pursuant to the original Service Plan. On February 20, 2020, the Districts and the Town of Erie amended the intergovernmental agreement whereby the Districts agree to comply with all provisions of the Service Plan and Title 9, Chapter 4 of the Town Code (the "Special District Code").

NOTE 6 RELATED PARTIES

The Developer of the property within the District is OEO, LLC. During 2025, certain members of the Board of Directors were employees of, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the Authority and the Districts.

NOTE 7 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; 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 (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, workers compensation, and public officials' liability 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 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

PARKDALE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 transfers substantially all funds received to the Authority. Therefore, the Emergency Reserves related to the District's revenues are reported in the Authority.

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 property tax revenue is limited to a 5.25% increase (or 10.50% increase over a two-year period), 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.

SUPPLEMENTARY INFORMATION

**PARKDALE METROPOLITAN DISTRICT NO. 1
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	\$ 1,052,488	\$ 1,039,870	\$ (12,618)
Specific Ownership Taxes	42,100	47,323	5,223
Interest Income	-	372	372
Other Revenue	1,412	-	(1,412)
Total Revenues	<u>1,096,000</u>	<u>1,087,565</u>	<u>(8,435)</u>
EXPENDITURES			
County Treasurer's Fee	15,787	15,611	176
Transfer to Parkdale Community Authority	1,078,801	1,071,954	6,847
Contingency	1,412	-	1,412
Total Expenditures	<u>1,096,000</u>	<u>1,087,565</u>	<u>8,435</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

PARKDALE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2021	\$ 221,606	16.699	55.664	\$ 16,036	\$ 16,036	100.00 %
2022	224,107	16.699	55.664	16,217	16,217	100.00 %
2023	15,231,100	15.007	50.025	990,509	695,549	70.22 %
2024	15,383,492	15.591	51.971	1,039,339	1,007,115	96.90 %
2025	18,562,073	17.010	56.701	1,368,229	1,351,826	98.80 %
Estimated for Year Ending December 31, 2026	\$ 30,909,411	16.972	56.574	\$ 2,273,264		

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