

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

**PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	25
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
OTHER INFORMATION	
SCHEDULE OF NET ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	28
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	29

**PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

ANNUAL DISCLOSURE INFORMATION - UNAUDITED

HISTORY OF ACTUAL AND ASSESSED VALUATIONS AND MILL LEVIES	31
PROPERTY TAX COLLECTIONS	32
TOP TEN OWNERS OF TAXABLE PROPERTY IN THE DISTRICT	33
TOTAL MILL LEVIES OF THE DISTRICT	34
ANNUAL DEVELOPMENT ACTIVITY	35

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Piney Lake Trails Metropolitan District No. 1
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Piney Lake Trails 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 thereof 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.

I

Fiscal Focus Partners, LLC

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 and Other 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 and other information (together, the 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.

Annual Disclosure Information

The annual disclosure information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fiscal Focus Partners, LLC

Arvada, Colorado
September 17, 2026

BASIC FINANCIAL STATEMENTS

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 22,533
Cash and Investments - Restricted	10,793,363
Prepaid Insurance	5,034
Receivable from County Treasurer	1,103
Property Tax Receivable	399,091
Total Assets	<u>11,221,124</u>
LIABILITIES	
Accounts Payable	38,862
Accrued Bond Interest	47,250
Noncurrent Liabilities:	
Due in More Than One Year	11,368,789
Total Liabilities	<u>11,454,901</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	399,091
Total Deferred Inflows of Resources	<u>399,091</u>
NET POSITION	
Restricted for:	
Emergency Reserve	5,600
Capital Projects	5,191
Unrestricted	<u>(643,659)</u>
Total Net Position	<u><u>\$ (632,868)</u></u>

See accompanying Notes to Basic Financial Statements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 129,056	\$ -	\$ -	\$ -	\$ (129,056)
Interest on Long-Term Debt and Related Costs	662,755	-	-	-	(662,755)
Total Governmental Activities	<u>\$ 791,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(791,811)</u>
GENERAL REVENUES					
Property Taxes					171,602
Specific Ownership Taxes					13,208
Interest Income					9,261
Total General Revenues and Transfers					<u>194,071</u>
CHANGES IN NET POSITION					
Net Position - Beginning of Year					(597,740)
NET POSITION - END OF YEAR					<u>(35,128)</u>
					<u>\$ (632,868)</u>

See accompanying Notes to Basic Financial Statements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 22,533	\$ -	\$ -	\$ 22,533
Cash and Investments - Restricted	5,600	1,642,914	9,144,849	10,793,363
Receivable from County Treasurer	1,103	-	-	1,103
Prepaid Insurance	5,034	-	-	5,034
Property Tax Receivable	114,025	285,066	-	399,091
Total Assets	<u>\$ 148,295</u>	<u>\$ 1,927,980</u>	<u>\$ 9,144,849</u>	<u>\$ 11,221,124</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 9,861	\$ -	\$ 29,001	\$ 38,862
Total Liabilities	9,861	-	29,001	38,862
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	114,025	285,066	-	399,091
Total Deferred Inflows of Resources	114,025	285,066	-	399,091
FUND BALANCES				
Nonspendable:				
Prepaid Expense	5,034	-	-	5,034
Restricted for:				
Emergency Reserves	5,600	-	-	5,600
Debt Service	-	1,642,914	-	1,642,914
Capital Projects	-	-	9,115,848	9,115,848
Unassigned	13,775	-	-	13,775
Total Fund Balances	<u>24,409</u>	<u>1,642,914</u>	<u>9,115,848</u>	<u>10,783,171</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 148,295</u>	<u>\$ 1,927,980</u>	<u>\$ 9,144,849</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued Interest				(66,039)
Bonds Payable - Series 2025A				(9,365,000)
Bonds Payable - Series 2025B				(1,985,000)
Net Position of Governmental Activities				<u>\$ (632,868)</u>

See accompanying Notes to Basic Financial Statements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 171,602	\$ -	\$ -	\$ 171,602
Specific Ownership Taxes	13,208	-	-	13,208
Interest Income	398	1,623	7,240	9,261
Total Revenues	<u>185,208</u>	<u>1,623</u>	<u>7,240</u>	<u>194,071</u>
EXPENDITURES				
Current:				
Accounting	18,209	-	-	18,209
Banking Fees	37	-	-	37
County Treasurer's Fee	2,574	-	-	2,574
District Management	2,950	-	-	2,950
Dues And Membership	584	-	-	584
Election	10,832	-	-	10,832
Insurance	4,292	-	-	4,292
Legal	55,261	-	-	55,261
Miscellaneous	430	-	-	430
Organization Costs	-	-	26,289	26,289
Debt Service:				
Bond Issue Costs	-	-	592,503	592,503
Capital Projects:				
Engineering	-	-	7,598	7,598
Total Expenditures	<u>95,169</u>	<u>-</u>	<u>626,390</u>	<u>721,559</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,039	1,623	(619,150)	(527,488)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	11,350,000	11,350,000
Developer Advance	-	-	26,289	26,289
Repay Developer Advance	(41,746)	-	(26,289)	(68,035)
Transfers In (Out)	(26,289)	1,641,291	(1,615,002)	-
Total Other Financing Sources (Uses)	<u>(68,035)</u>	<u>1,641,291</u>	<u>9,734,998</u>	<u>11,308,254</u>
NET CHANGE IN FUND BALANCES	22,004	1,642,914	9,115,848	10,780,766
Fund Balances - Beginning of Year	<u>2,405</u>	<u>-</u>	<u>-</u>	<u>2,405</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 24,409</u></u>	<u><u>\$ 1,642,914</u></u>	<u><u>\$ 9,115,848</u></u>	<u><u>\$ 10,783,171</u></u>

See accompanying Notes to Basic Financial Statements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS 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	\$ 10,780,766
--	---------------

Amounts reported for governmental activities in the statement of activities are different because:

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.

Bond Principal - Series 2025A	(9,365,000)
Bond Principal - Series 2025B	(1,985,000)
Developer Advance	(26,289)
Repay Developer Advance - Principal	61,042

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	(66,039)
Accrued Interest Payable Developer Advance - Change in Liability	2,780

Changes in Net Position of Governmental Activities	<u><u>\$ (597,740)</u></u>
--	----------------------------

PINEY LAKE TRAILS 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	\$ 171,602	\$ 171,602	\$ -
Specific Ownership Taxes	13,728	13,208	(520)
Interest Income	-	398	398
Total Revenues	185,330	185,208	(122)
EXPENDITURES			
Accounting	12,750	18,209	(5,459)
Banking Fees	-	37	(37)
Contingency	139,506	-	139,506
County Treasurer's Fee	2,574	2,574	-
District Management	-	2,950	(2,950)
Dues And Membership	-	584	(584)
Election	8,000	10,832	(2,832)
Insurance	2,500	4,292	(1,792)
Legal	20,000	55,261	(35,261)
Miscellaneous	-	430	(430)
Total Expenditures	185,330	95,169	90,161
EXCESS OF REVENUES OVER EXPENDITURES	-	90,039	90,039
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	-	(41,746)	(41,746)
Transfers To Other Fund	-	(26,289)	(26,289)
Total Other Financing Uses	-	(68,035)	(68,035)
NET CHANGE IN FUND BALANCE	-	22,004	22,004
Fund Balance - Beginning of Year	-	2,405	2,405
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 24,409</u>	<u>\$ 24,409</u>

See accompanying Notes to Basic Financial Statements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Piney Lake Trails Metropolitan District No. 1, (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Douglas County, Colorado on May 3, 2022, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Service Plan approved by Douglas County on September 2, 2025. The District's service area is located in Douglas County, Colorado. The District was established to provide planning, acquisition, construction, installation and financing of public improvements, including water, storm sewer, sanitation and wastewater treatment, street improvements, traffic safety protection, parks and recreation, television relay and translation, mosquito control, covenant enforcement and design review, and security 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 has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 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.

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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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 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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows 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.

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 or business-type 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 investment in capital assets.

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 of the related fixed assets, as applicable.

Deferred Inflow 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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	\$ 22,533
Cash and Investments - Restricted	<u>10,793,363</u>
Total Cash and Investments	<u><u>\$ 10,815,896</u></u>

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

Deposits with Financial Institutions	\$ 15,562
Investments	<u>10,800,334</u>
Total Cash and Investments	<u><u>\$ 10,815,896</u></u>

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.

At December 31, 2025, the District's cash deposits had a bank balance and carrying amount of \$15,562.

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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 investment:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 12,571
Invesco Treasury Portfolio	Weighted-Average Under 60 Days	10,787,763
		<u>\$ 10,800,334</u>

Government Portfolio

The debt service money that is included in the trust accounts at BOK Financial is invested in the Invesco Treasury Portfolio. This portfolio is a money market mutual fund which invests in short-term, high-credit-quality money market instruments that are direct obligations of the U.S. Treasury, which are fully guaranteed as to principal and interest by the United States, with maturities of 60 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The Invesco Treasury Portfolio is rated Aaa-mf by Moody's, AAAM by Standard & Poor's and AAAMmf by Fitch Ratings.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025
Bonds Payable:				
General Obligation Bonds				
Series 2025A	\$ -	\$ 9,365,000	\$ -	\$ 9,365,000
Subordinate Limited Tax Supported Revenue Bonds				
Series 2025B	-	1,985,000	-	1,985,000
Accrued Interest				
Series 2025B	-	18,789	-	18,789
Subtotal Bonds Payable	-	11,368,789	-	11,368,789
Other Debts:				
Developer Advance - Operating	34,753	-	34,753	-
Developer Advance - Capital	-	26,289	26,289	-
Accrued Interest on:				
Developer Advance - Operating	2,780	4,213	6,993	-
Subtotal Other Debts	37,533	30,502	68,035	-
Total Long-Term Obligations	\$ 37,533	\$ 11,399,291	\$ 68,035	\$ 11,368,789

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

Limited Tax General Obligation Bonds, Series 2025A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2025B (the Subordinate Bonds and together, with the Senior Bonds, the Bonds)

The District issued the Senior Bonds and Subordinate Bonds on November 20, 2025, in the principal amounts of \$9,365,000 and \$1,985,000, respectively.

Proceeds of the Bonds

Proceeds from the sale of the Senior Bonds were and will be used for the purposes of (a) paying or reimbursing a portion of the costs of acquiring, constructing and/or installing certain Public Improvements; (b) funding the Surplus Fund in the Minimum Surplus Amount; (c) funding capitalized interest for payment of a portion of the interest to accrue on the Senior Bonds; and (d) paying other costs in connection with the issuance of the Senior Bonds and the Subordinate Bonds.

Proceeds from the sale of the Subordinate Bonds were used for the purpose of paying or reimbursing a portion of the costs of acquiring, constructing and/or installing certain Public Improvements.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2025A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2025B (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)

Senior Bonds Details

The Senior Bonds bear interest at the rate of 5.875%, payable semiannually to the extent of Senior Pledged Revenue available on each June 1 and December 1 (each an Interest Payment Date), beginning on June 1, 2026. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2031. The Senior Bonds mature on December 1, 2055.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to the Senior Termination Date, October 1, 2065. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date at the rate then borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law in repayment of the Senior Bonds.

All of the Senior Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Senior Termination Date, after the application of available Senior Pledged Revenue on such date, regardless of the amount of principal and interest paid prior to the Senior Termination Date.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2030, to November 30, 2031	3.00%
December 1, 2031, to November 30, 2032	2.00
December 1, 2032, to November 30, 2033	1.00
December 1, 2033, and thereafter	0.00

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, consisting of the moneys derived by the District from the following sources: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2025A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2025B (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)

Senior Required Mill Levy

The Senior Indenture generally defines “Senior Required Mill Levy” as an ad valorem mill levy imposed upon all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues sufficient to pay the principal of, and interest on the Senior Bonds as the same become due and payable and to replenish the Senior Surplus Fund to the Minimum Surplus Amount, but not in excess of 50 mills.

Prior to the Surplus Fund Partial Release Date (defined below), for so long as the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 50 mills (subject to adjustment), or such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable and to fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund and the Senior Surplus Fund, will pay the Senior Bonds in full in the year the tax revenue derived from such levy is collected.

In the event that, on or after January 1, 2022, there was or is legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, or other changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement, the minimum mill levy of 50 mills and the maximum mill levy of 50 mills provided above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

Notwithstanding anything in the Senior Indenture to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District’s electoral authorization, and if the Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District’s electoral authorization, the Senior Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.

Additional Security for the Senior Bonds

The Bonds are additionally secured by a capitalized interest fund which was funded from proceeds of the Senior Bonds in the amount of \$825,291.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2025A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2025B (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)

Senior Surplus Fund

The Senior Bonds are additionally secured by the Senior Surplus Fund. The Senior Surplus Fund was partially funded with proceeds of the Senior Bonds in the amount of \$816,000 and, prior to the Surplus Fund Partial Release Date, is required to be additionally funded with excess Senior Pledged Revenue, if any, up to the Maximum Surplus Amount of \$1,632,000.

The "Senior Surplus Fund Partial Release Date" is defined in the Senior Indenture as the first date on which the Senior Debt to Assessed Ratio is 50% or less, and the "Senior Debt to Assessed Ratio" generally means the ratio derived by dividing the then-outstanding principal amount of all Senior Obligations (meaning the Senior Bonds and any Senior Parity Bonds) by the most recent final certified assessed valuation of all taxable property of the District.

Details of the Subordinate Bonds

The Subordinate Bonds bear interest at the rate of 8.50% per annum payable annually on December 15, beginning December 15, 2025, only to the extent of Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds meaning that there are no regularly scheduled payments of principal prior to their maturity date. The stated maturity date of the Subordinate Bonds is December 15, 2055.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding, subject to the Subordinate Termination Date, October 15, 2065. To the extent interest on any Subordinate Bond is not paid when due, such interest shall compound annually on each December 15, at the rate then borne by the Subordinate Bond.

All of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Subordinate Termination Date, after the application of available Subordinate Pledged Revenue on such date, regardless of the amount of principal and interest paid prior to the Subordinate Termination Date.

Subordinate Pledged Revenues

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenues meaning the moneys derived by the District from the following sources, net of any costs of collection: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) all amounts released from the Senior Surplus Fund, if any, upon the occurrence of the Surplus Fund Partial Release Date (if it occurs) as provided in the Senior Indenture, and all amounts on deposit therein upon termination of the Senior Surplus Fund at such time as the Senior Bonds are no longer outstanding; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2025A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2025B (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)

Subordinate Required Mill Levy

The Subordinate Indenture generally defines "Subordinate Required Mill Levy" as an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills less the Senior Obligation Mill Levy (generally meaning the Senior Required Mill Levy and the mill levy to be imposed for Senior Parity Bonds, if any), or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Subordinate Bonds in full.

In the event that, on or after January 1, 2022, there was or is legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, or other changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement, the mill levy of 50 mills set forth above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

Events of Default

Events of default occur if the District fails to impose the Required Mill Levies, or to apply the Pledged Revenues as required by the Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Bond Debt Service

The Senior Bonds mature as follows:

Year Ending December 31,	Bonded Debt		Total
	Principal	Interest	
2026	\$ -	\$ 567,005	\$ 567,005
2027	-	550,194	550,194
2028	-	550,194	550,194
2029	-	550,194	550,194
2030	-	550,194	550,194
2031-2035	580,000	2,693,395	3,273,395
2036-2040	1,000,000	2,473,669	3,473,669
2041-2045	1,525,000	2,121,758	3,646,758
2046-2050	2,245,000	1,594,182	3,839,182
2051-2055	4,015,000	829,545	4,844,545
Total	<u>\$ 9,365,000</u>	<u>\$ 12,480,330</u>	<u>\$ 21,845,330</u>

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$22,000,000 (Service Plan Debt Issuance Limit). In no event is the District 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. At December 31, 2025, the District has authorized but unissued indebtedness under the Service Plan of \$10,650,000.

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 6, 2025, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$616,000,000 at an interest rate not to exceed 12% per annum. At December 31, 2025, the District had authorized but unissued electoral indebtedness of \$604,650,000.

In the future, the District 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 District's service area.

Developer Advances

The District has entered into agreements with Toll Southwest, LLC (the Developer) as follows:

Funding and Reimbursement Agreement (FRA)

On April 28, 2025, the District and the Developer entered into a Funding and Reimbursement Agreement to repay advances made by the Developer for operations and maintenance costs. The Developer agreed to advance to the District amounts not to exceed \$50,000 per year for two years, up to \$100,000 through December 31, 2026. The District agreed to repay the Developer for such advances plus accrued interest at the MMD Interest Rate, as defined in the FRA, plus 400 basis points from the date of advance to the date of repayment. As of December 31, 2025, there were no amounts outstanding under this agreement.

Infrastructure Acquisition and Reimbursement Agreement (IARA)

On April 28, 2025, the District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement to repay advances made by the Developer for capital infrastructure costs. The IARA stipulates the requirements by which an Application for Acceptance of District Eligible Costs is evaluated for sufficiency as a condition to adoption of a District Acceptance Resolution. The District agreed to repay the Developer for such costs accepted plus accrued interest at the MMD Interest Rate, as defined in the IARA, plus 400 basis points from the date of advance to the date of repayment. As of December 31, 2025, there were no amounts outstanding under this agreement.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets with restrictions 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	\$ 5,600
Capital Projects	5,191
Total Restricted Net Position	<u>\$ 10,791</u>

The District has a deficit unrestricted net position as of December 31, 2025. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements.

NOTE 6 RELATED PARTIES

The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 7 AGREEMENTS

Termination of Facilities Acquisition and Reimbursement Agreement and Operation Funding Agreements (the Termination Agreement)

On April 28, 2025, the District entered into the Termination Agreement with Piney Lake Trails, LLC (the Prior Developer) and the Developer for the purposes of terminating the previously entered into agreements with the Prior Developer, the Facilities Funding and Acquisition Agreement and the Reimbursement Agreement (the Prior Agreements). Pursuant to the Termination Agreement, the District was to pay the Prior Developer the agreed upon amount of \$68,035 to satisfy the Termination Agreement. The full amount was paid in 2025.

Open Space Agreement

On September 24, 2024, the District, Piney Lake Trails, LLC (the Original Developer), and the Board of County Commissioners of the County of Douglas (the County) entered into an Open Space Agreement (recorded at Douglas County Reception No. 2024049424) governing the use and preservation of certain open space areas within the Piney Lake Trails Planned Development, designated as Tracts A, B, C, and D on the Piney Lake Trails Final Plat and comprising a minimum of 200 acres of permanent open space. The Original Developer is required to improve 7.92 acres for parks and trails, including a minimum of 2.5 miles of public multi-use trail available for pedestrian, equestrian, and bicycle use.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 AGREEMENTS (CONTINUED)

Open Space Agreement (Continued)

Upon conveyance of the open space areas to the District, the District assumes all costs of ownership, operation, and maintenance, with the County retaining enforcement and inspection rights. On October 10, 2025, the parties entered into the First Amendment to the Open Space Agreement, substituting Toll Southwest LLC as Developer following its acquisition of the property by Special Warranty Deed (Reception No. 2025002772, recorded January 22, 2025), and expanding the list of permitted structures and uses to include playgrounds, a gas fire feature, artwork, grills, a mail kiosk, and play equipment.

NOTE 8 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund was to provide the initial deposit for the Surplus Fund and Capitalized Interest Fund.

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 property 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 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.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

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.

On May 6, 2025, the District's voters authorized the District to increase property taxes \$10,000,000 annually, for general operations and maintenance and \$10,000,000 annually for capital costs. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

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.

On May 6, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

SUPPLEMENTARY INFORMATION

PINEY LAKE TRAILS 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			
Interest Income	\$ -	\$ 1,623	\$ 1,623
Total Revenues	-	1,623	1,623
EXPENDITURES			
Bond Interest	700,000	-	700,000
Total Expenditures	700,000	-	700,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(700,000)	1,623	701,623
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	2,320,000	1,641,291	(678,709)
Total Other Financing Sources (Uses)	2,320,000	1,641,291	(678,709)
NET CHANGE IN FUND BALANCE	1,620,000	1,642,914	22,914
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 1,620,000</u>	<u>\$ 1,642,914</u>	<u>\$ 22,914</u>

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
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			
Interest Income	\$ -	\$ 7,240	\$ 7,240
Total Revenues	-	7,240	7,240
EXPENDITURES			
Engineering	-	7,598	(7,598)
Capital Outlay	9,200,000	-	9,200,000
Organization Costs	-	26,289	(26,289)
Bond Issue Costs	480,000	592,503	(112,503)
Total Expenditures	9,680,000	626,390	9,053,610
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,680,000)	(619,150)	9,060,850
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	12,000,000	11,350,000	(650,000)
Developer Advance	-	26,289	26,289
Repay Developer Advance	-	(26,289)	(26,289)
Transfers From Other Funds	-	26,289	26,289
Transfers To Other Fund	(2,320,000)	(1,641,291)	678,709
Total Other Financing Sources	9,680,000	9,734,998	54,998
NET CHANGE IN FUND BALANCE	-	9,115,848	9,115,848
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 9,115,848</u>	<u>\$ 9,115,848</u>

OTHER INFORMATION

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF NET ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended <u>December 31,</u>	Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2024/2025	\$ 2,358,500	0.0%	72.759	0.000	\$ 171,602	\$ 171,602	100.00 %
Estimated for Year Ending December 31, 2026	\$ 5,308,190	125.07%	21.481	53.703	\$ 399,091		

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.

Source: Douglas County Assessor and Treasurer.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

	\$9,365,000		
	Limited Tax General Obligation Bonds		
	Series 2025, Dated November 20, 2025		
	Interest Rate 5.875%		
	Interest Payable		
	June 1 and December 1		
	Principal Payable December 1		
Bonds/Loans and Interest Maturing in the Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 567,005	\$ 567,005
2027	-	550,194	550,194
2028	-	550,194	550,194
2029	-	550,194	550,194
2030	-	550,194	550,194
2031	70,000	550,194	620,194
2032	110,000	546,081	656,081
2033	115,000	539,619	654,619
2034	140,000	532,863	672,863
2035	145,000	524,638	669,638
2036	170,000	516,119	686,119
2037	175,000	506,131	681,131
2038	200,000	495,850	695,850
2039	215,000	484,100	699,100
2040	240,000	471,469	711,469
2041	255,000	457,369	712,369
2042	285,000	442,388	727,388
2043	300,000	425,644	725,644
2044	335,000	408,019	743,019
2045	350,000	388,338	738,338
2046	390,000	367,775	757,775
2047	410,000	344,863	754,863
2048	450,000	320,775	770,775
2049	475,000	294,338	769,338
2050	520,000	266,431	786,431
2051	550,000	235,881	785,881
2052	600,000	203,569	803,569
2053	635,000	168,319	803,319
2054	685,000	131,013	816,013
2055	1,545,000	90,763	1,635,763
Total	<u>\$ 9,365,000</u>	<u>\$ 12,480,330</u>	<u>\$ 21,845,330</u>

**ANNUAL DISCLOSURE INFORMATION
(UNAUDITED)**

**PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
HISTORY OF ACTUAL AND ASSESSED VALUATIONS AND MILL LEVIES
DECEMBER 31, 2025**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>General Fund Mill Levy</u>	<u>Debt Service Mill Levy</u>
2024	2025	\$ 2,358,500	- %	72.759	0.000
2025	2026	5,308,190	125.07	21.481	53.703

Source: Douglas County Assessor and Treasurer.

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
PROPERTY TAX COLLECTIONS
DECEMBER 31, 2025

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collection (1)</u>	<u>Collection Rate</u>
2024	2025	\$ 171,602	\$ 171,602	100.00 %
2025	2026	399,091	399,091	100.00 %

(1) Collections as of June 30, 2026

Source: Douglas County Treasurer

**PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
TOP TEN OWNERS OF TAXABLE PROPERTY IN THE DISTRICT
DECEMBER 31, 2025**

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Taxpayer / Assessed Valuation</u>
Valuation Year - 2025		
Public Service Company of CO (XCEL)	\$ 2,400	0.05%
Toll Southwest LLC	5,305,790	99.95%
Total	<u>\$ 5,308,190</u>	<u>100%</u>

PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
TOTAL MILL LEVIES OF THE DISTRICT
DECEMBER 31, 2025

Taxing Entity	Mill Levy
Valuation Year - 2025	
Cherry Creek Basin Water Quality Control Authority	0.450
Douglas County	19.774
Douglas County Law Enforcement	4.500
Douglas County School District RE-1	39.752
Douglas County Schools - Debt Service	5.776
Douglas Public Library District	3.519
Regional Transportation District	-
South Metro Fire Rescue Fire Protection District	12.250
Urban Drainage & Flood Control District	0.900
Urban Drainage & Flood Control District South Platte	0.100
Total Overlapping Mill Levy	87.021
Piney Lake Trails Metropolitan District No. 1	75.184
Piney Lake Trails Metropolitan District No. 2	-
Total Mill Levy	162.205

**PINEY LAKE TRAILS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
ANNUAL DEVELOPMENT ACTIVITY
DECEMBER 31, 2025**

Assessed Valuation			Development Activity				Surplus Fund Balance	
Collection Year	Projected (2)	Actual (3)	Projected Completed Housing Units (4)		Actual Certificates of Occupancy (5)		Projected (6)	Actual (1)
			Annual	Cumulative	Annual	Cumulative		
2025	2,341,300	2,358,500	-	-	-	-	816,000	816,807
2026	5,308,190	5,308,190	-	-	-	-	1,107,404	1,111,837
2027	5,111,501	-	42	42	-	-	1,106,903	-
2028	6,167,371	-	56	98	-	-	923,644	-
2029	8,815,223	-	56	154	-	-	892,471	-
2030	11,980,092	-	22	176	-	-	1,042,047	-
2031	14,070,650	-	-	176	-	-	1,237,131	-
2032	15,156,230	-	-	176	-	-	1,457,297	-
2033	15,156,230	-	-	176	-	-	1,632,000	-
2034	15,745,010	-	-	176	-	-	1,632,000	-
2035	15,745,010	-	-	176	-	-	1,632,000	-
2036	16,356,333	-	-	176	-	-	1,632,000	-
2037	16,356,333	-	-	176	-	-	816,000	-
2038	16,991,042	-	-	176	-	-	816,000	-
2039	16,991,042	-	-	176	-	-	816,000	-
2040	17,650,010	-	-	176	-	-	816,000	-
2041	17,650,010	-	-	176	-	-	816,000	-
2042	18,334,143	-	-	176	-	-	816,000	-
2043	18,334,143	-	-	176	-	-	816,000	-
2044	19,044,378	-	-	176	-	-	816,000	-
2045	19,044,378	-	-	176	-	-	816,000	-
2046	19,781,685	-	-	176	-	-	816,000	-
2047	19,781,685	-	-	176	-	-	816,000	-
2048	20,547,070	-	-	176	-	-	816,000	-
2049	20,547,070	-	-	176	-	-	816,000	-
2050	21,341,574	-	-	176	-	-	816,000	-
2051	21,341,574	-	-	176	-	-	816,000	-
2052	22,166,275	-	-	176	-	-	816,000	-
2053	22,166,275	-	-	176	-	-	816,000	-
2054	23,022,288	-	-	176	-	-	816,000	-

(1) As of April 30, 2026

(2) The source of this column is the "Base Case Scenario" of the Financial Forecast attached to the Official Statement as Appendix B. Reflects the "levy year" assessed valuation.

(3) District to insert the final assessed valuation certified by the County Assessor on or before December 10 of each year. Reflects the "levy year" assessed valuation.

(4) The source of this column is the "Base Case Scenario" of the Financial Forecast attached to the Official Statement as Appendix B.

(5) District to insert the actual number of Certificates of Occupancy for new construction issued by the Town for property within the District during each calendar year.

(6) The source of this column is the "Base Case Scenario" of the Financial Forecast attached to the Official Statement as Appendix B.

Source: Douglas County Assessor, the Town, the District