

**Penrith Park Metropolitan District
Adams County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

Penrith Park Metropolitan District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Penrith Park Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Penrith Park Metropolitan District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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.

Supplemental 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 supplemental 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 supplemental 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 22, 2026

BASIC FINANCIAL STATEMENTS

Penrith Park Metropolitan District
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 28,533
Cash and investments - Restricted	195,640
Receivable - County Treasurer	1,596
Prepaid expenses	3,616
Property taxes receivable	399,540
Capital assets, net	372,094
Total assets	<u>1,001,019</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized bond insurance	140,596
Cost of refunding, net	81,333
Total deferred outflows of resources	<u>221,929</u>
LIABILITIES	
Accounts payable	4,453
Accrued interest payable	21,468
Noncurrent liabilities:	
Due within one year	55,000
Due in more than one year	6,427,041
Total liabilities	<u>6,507,962</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	399,540
Total deferred inflows of resources	<u>399,540</u>
NET POSITION	
Restricted for:	
Emergency reserves	2,700
Debt service	172,780
Unrestricted	(5,860,034)
Total net position	<u>\$ (5,684,554)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Functions/Programs	Program Revenue				Net (Expense)
	Expenses	Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Primary government					
General government	\$ 100,800	\$ -	\$ -	\$ -	\$ (100,800)
Interest on long-term debt and related costs	666,054	-	-	-	(666,054)
Total governmental activities	<u>\$ 766,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(766,854)</u>
General revenues:					
					439,403
Property taxes					21,920
Specific ownership taxes					21,636
Investment earnings					<u>482,959</u>
Total general revenues					
Change in net position					(283,895)
Net position - beginning					(5,400,659)
Net position - ending					<u>\$ (5,684,554)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 28,533	\$ -	\$ 28,533
Cash and investments - Restricted	2,700	192,940	195,640
Receivable - County Treasurer	288	1,308	1,596
Prepaid expenses	3,616	-	3,616
Property taxes receivable	72,053	327,487	399,540
Total assets	<u>\$ 107,190</u>	<u>\$ 521,735</u>	<u>\$ 628,925</u>
LIABILITIES			
Accounts payable	\$ 4,453	\$ -	\$ 4,453
Total liabilities	<u>4,453</u>	<u>-</u>	<u>4,453</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	72,053	327,487	399,540
Total deferred inflows of resources	<u>72,053</u>	<u>327,487</u>	<u>399,540</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	3,616	-	3,616
Restricted for:			
Emergencies	2,700	-	2,700
Debt service	-	194,248	194,248
Unassigned	24,368	-	24,368
Total fund balances	<u>30,684</u>	<u>194,248</u>	<u>224,932</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 107,190</u>	<u>\$ 521,735</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	372,094
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds	
Unamortized bond premium	(56,125)
Bond insurance, net	140,596
Cost of refunding, net	81,333
Long-term liabilities, including bonds payable, developer advances and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(6,230,000)
Developer advances	(69,300)
Accrued interest payable - bonds	(24,163)
Accrued interest payable - developer advances	(123,921)
Net position of governmental activities	<u>\$ (5,684,554)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 72,034	\$ 360,163	\$ 432,197
Property taxes - Town IGA	7,206	-	7,206
Specific ownership taxes	3,953	17,967	21,920
Investment earnings	5,373	16,263	21,636
Total revenues	<u>88,566</u>	<u>394,393</u>	<u>482,959</u>
EXPENDITURES			
Current			
Accounting	22,877	-	22,877
Audit	8,000	-	8,000
Detention pond	2,735	-	2,735
Elections	1,323	-	1,323
Insurance and dues	4,237	-	4,237
Landscape maintenance	4,300	-	4,300
Legal	8,061	-	8,061
Management	6,861	-	6,861
Miscellaneous	1,007	521	1,528
Town of Bennett Regional Improvement	7,098	-	7,098
Treasurer fees	1,189	5,403	6,592
Website maintenance	1,946	-	1,946
Debt service			
Bond interest Series 2025A	-	174,608	174,608
Bond principal Series 2025A	-	130,000	130,000
Bond interest Series 2025B	-	46,288	46,288
Bond principal Series 2025B	-	23,000	23,000
Bond issuance costs	-	298,807	298,807
Bond insurance	-	145,626	145,626
Trustee fees	-	12,000	12,000
Total expenditures	<u>69,634</u>	<u>836,253</u>	<u>905,887</u>
Excess of revenues over (under) expenditures	18,932	(441,860)	(422,928)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	6,383,000	6,383,000
Bond premium	-	58,133	58,133
Payment to escrow	-	(4,899,251)	(4,899,251)
Developer repayment - principal	(21,000)	(1,121,040)	(1,142,040)
Developer repayment - interest	-	(402,234)	(402,234)
Total other financing sources (uses)	<u>(21,000)</u>	<u>18,608</u>	<u>(2,392)</u>
Net change in fund balances	(2,068)	(423,252)	(425,320)
Fund balances - beginning	<u>32,752</u>	<u>617,500</u>	<u>650,252</u>
Fund balances - ending	<u>\$ 30,684</u>	<u>\$ 194,248</u>	<u>\$ 224,932</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2025

Net change in fund balances - governmental funds: \$ (425,320)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation expense (25,242)

The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond proceeds	(6,383,000)
Bond premium	(58,133)
Bond principal refunded, Series 2019A	3,375,000
Bond principal refunded, Series 2019A	900,000
Deferred costs of refunding, Series 2019A and 2019B	84,722
Bond insurance, Series 2025A	145,626
Current year bond principal payments, Series 2025A and 2025B	153,000
Repayment developer advance	1,142,040

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 bond interest payable - Change in liability	397,808
Amortization of bond premium	45,537
Amortization of costs of refunding	(3,389)
Amortization of bond insurance	(5,030)
Accrued interest payable developer advances - Change in liability	372,486

Change in net position of governmental activities \$ (283,895)

Penrith Park Metropolitan District

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

For the Year Ended December 31, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 71,873	\$ 72,034	\$ 161
Property taxes - Town IGA	7,190	7,206	16
Specific ownership taxes	3,558	3,953	395
Investment earnings	25,000	5,373	(19,627)
Total revenues	<u>107,621</u>	<u>88,566</u>	<u>(19,055)</u>
EXPENDITURES			
Accounting	18,000	22,877	(4,877)
Audit	-	8,000	(8,000)
Detention pond	-	2,735	(2,735)
Elections	4,000	1,323	2,677
Insurance and dues	4,500	4,237	263
Landscape maintenance	5,000	4,300	700
Legal	11,000	8,061	2,939
Management	5,500	6,861	(1,361)
Miscellaneous	1,100	1,007	93
Town of Bennett Regional Improvement	7,082	7,098	(16)
Treasurer fees	1,185	1,189	(4)
Website maintenance	2,000	1,946	54
Contingency	25,000	-	25,000
Total expenditures	<u>84,367</u>	<u>69,634</u>	<u>14,733</u>
Excess of revenues over expenditures	23,254	18,932	(4,322)
OTHER FINANCING SOURCES (USES)			
Developer repayment - principal	(23,000)	(21,000)	2,000
Total other financing sources (uses)	<u>(23,000)</u>	<u>(21,000)</u>	<u>2,000</u>
Net change in fund balances	254	(2,068)	(2,322)
Fund balances - beginning	<u>23,746</u>	<u>32,752</u>	<u>9,006</u>
Fund balances - ending	<u><u>\$ 24,000</u></u>	<u><u>\$ 30,684</u></u>	<u><u>\$ 6,684</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2025

Note 1 – Definition of Reporting Entity

Penrith Park Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado, was created by order and decree of the Adams County District Court on March 14, 2018, and recorded with the County Clerk on March 29, 2018, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the Town of Bennett (the Town) in Adams County, Colorado. The District operates under an Amended and Restated Service Plan approved by the Town on August 28, 2018. The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of public infrastructure improvements within the boundaries of the District. The District is to dedicate the completed public improvements to the Town, other appropriate jurisdictions, or one or more owners' associations in a manner consistent with the Development Plan, the Intergovernmental Agreement with the Town and other rules and regulations of the Town and applicable provisions of the Town Code. The District shall be authorized to operate and maintain public improvements not conveyed to the Town or other governmental entities having proper jurisdiction. Pursuant to the Amended and Restated Service Plan, the District is obligated to impose a Regional Improvement Mill Levy, the BRI mill levy, which for tax collection year 2025, was 1.330 mills, and convey the revenue to the Town to be used for planning, designing, construction, installing, acquiring, relocating, redeveloping, or financing of the Regional Improvements.

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, including the Town.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources of the District 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 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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

Budgetary Information

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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 line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2025.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

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 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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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 net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Lift Station	15 years
Detention Pond	20 years
Force Main	25 years

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.

Bond Insurance and Original Issue Premium/Discount

In the government-wide financial statements, bond insurance, bond premiums, and bond discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, government fund types recognize bond insurance, bond premiums, and bond discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond insurance, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

Cost of Refunding

In the government-wide financial statements, the deferred cost of the bond refunding is amortized over the remaining life of the deferred bonds. The amortization is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, bond insurance and cost on refunding, are deferred and recognized as an outflow of resources in the period that the amounts are incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025

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:

Non-spendable 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 is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

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

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	\$ 28,533
Cash and investments-Restricted	195,640
Total cash and investments	<u>\$ 224,173</u>

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

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

Deposits with financial institutions	\$ 7,798
Investments	<u>216,375</u>
Total cash and investments	<u><u>\$ 224,173</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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of \$7,798.

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 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

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted Average Under 60 Days	\$ 26,486
Invesco Short-Term Treasury	Weighted Average Under 43 Days	189,889
Total investments		<u>\$ 216,375</u>

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (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 offers shares in three portfolios: Colotrust Prime, Colotrust Plus, and Colotrust Edge.

Colotrust Prime and Colotrust Plus operate similarly to a money market fund and each share is equal in value to \$1.00. 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. Both portfolios are rated AAAM by Standard and Poor's.

Colotrust Edge, is managed to approximate a \$10.00 transactional share price. Colotrust Edge may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper. Colotrust Edge is rated AAAs/S1 by Fitch Ratings.

A designated custodial bank serves as custodian for the Trust's investment 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

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. The District invested in the Colotrust Plus portfolio during 2025. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Invesco Short-Term Treasury

The Invesco Short-Term Treasury is rated AAAM by Standard & Poor's and the maturity is weighted average under 43 days. The Invesco Short-Term Treasury records its investments at fair value and the District records its investment in Invesco Short-Term Treasury using the net asset value method. The Invesco Short-Term Treasury is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government.

Note 4 – Capital Assets

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

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Governmental Activities:				
Capital assets, being depreciated				
Detention pond	\$ 90,765	\$ -	\$ -	\$ 90,765
Lift station	278,671	-	-	278,671
Force main	53,142	-	-	53,142
Total capital assets being depreciated	<u>422,578</u>	<u>-</u>	<u>-</u>	<u>422,578</u>
Less accumulated depreciation for:				
Detention pond	4,538	4,538	-	9,076
Lift station	18,578	18,578	-	37,156
Force main	2,126	2,126	-	4,252
Total accumulated depreciation	<u>25,242</u>	<u>25,242</u>	<u>-</u>	<u>50,484</u>
Total capital assets, net	<u>\$ 397,336</u>	<u>\$ (25,242)</u>	<u>\$ -</u>	<u>\$ 372,094</u>

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

Note 5 – Long-Term Obligations

Changes in long-term debt for the year ended December 31, 2025 are summarized as follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
General Obligation Limited Tax					
Bonds - Series 2019A	\$ 3,375,000	\$ -	\$ 3,375,000	\$ -	\$ -
Bond Premium, Series 2019A	43,527	-	43,527	-	-
Subordinate General Obligation					
Limited Tax Bonds - Series 2019B	900,000	-	900,000	-	-
Accrued Interest Subordinate					
Bonds - Series 2019B	407,910	34,185	442,095	-	-
General Obligation Limited Tax					
Refunding Bonds - Series 2025A	-	5,325,000	130,000	5,195,000	55,000
Bond Premium, Series 2025A	-	58,133	2,008	56,125	-
Subordinate General Obligation					
Limited Tax Bonds - Series 2025B	-	1,058,000	23,000	1,035,000	-
Accrued Interest Subordinate					
Bonds - Series 2025B	-	48,983	46,288	2,695	-
Other:					
Developer Advances - Operating	90,300	-	21,000	69,300	-
Accrued Interest - Operating	45,066	6,897	-	51,963	-
Developer Advances - Capital	1,121,040	-	1,121,040	-	-
Accrued Interest - Capital	451,341	22,851	402,234	71,958	-
	<u>\$ 6,434,184</u>	<u>\$ 6,554,049</u>	<u>\$ 6,506,192</u>	<u>\$ 6,482,041</u>	<u>\$ 55,000</u>

General Obligation Limited Tax Bonds, Series 2019A (2019A Bonds) and Subordinate General Obligation Limited Tax Bonds, Series 2019B (2019B Bonds) dated October 16, 2019

Bond Details

On October 16, 2019, the District issued General Obligation Limited Tax Bonds – Series 2019A (“2019A Bonds”) with a par amount of \$3,410,000, and with the original issue premium on the 2019A Bonds of \$56,708, total bond proceeds of \$3,466,708. The 2019A Bonds were issued for the purposes of: (i) paying or reimbursing Project Costs; (ii) paying the costs of issuance of the 2019A and 2019B Bonds; (iii) funding the Senior Reserve Fund; and (iv) funding a portion of the interest to accrue on the 2019A Bonds.

Interest on the 2019A Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2019 at the rate of 5.00% per annum. To the extent principal of any 2019A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2019A Bonds. To the extent interest on any 2019A Bonds is not paid when due, such

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

interest is to compound on each interest payment date, at the rate then borne by the 2019A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019A Bonds, including all payments of principal, premium if any, and interest, and all 2019A Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

On October 16, 2019, the District issued General Obligation Limited Tax Bonds – Series 2019B (“2019B Bonds”) with a par amount of \$900,000. The 2019B Bonds were issued for the purposes of paying or reimbursing Project Costs.

The 2019B Bonds bear interest at 8.75% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2019. The 2019B Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2019B Bonds is not paid when due, such principal shall remain outstanding until the Subordinate Termination Date and shall continue to bear interest at the rate then borne by the 2019B Bonds. To the extent interest on any 2019B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019B Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019B Bonds including all payments of principal, premium, if any, and interest and all 2019B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2059 (“the Subordinate Bond Termination Date”) regardless of the amount of principal and interest paid prior to the Subordinate Bond Termination Date.

Optional Redemption

The 2019A Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00%
December 1, 2026, to November 30, 2027	1.00%
December 1, 2027, and thereafter	0.00%

The 2019B Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

Date of Redemption	Redemption Premium
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00%
December 1, 2026, to November 30, 2027	1.00%
December 1, 2027, and thereafter	0.00%

Security

The 2019A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (iii) any other legally available money which the District determines, in its absolute discretion to transfer to the Trustee for application as Senior Pledged Revenue.

The 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund, and amounts, if any, accumulated in the Senior Surplus Fund up to the Maximum Surplus Amount of \$341,000. As of December 31, 2025, the balance in the Senior Reserve Fund was \$0 and the balance in the Senior Surplus Fund was \$0, as a result of the use of funds for the 2019 Bonds being refunded.

The 2019B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (iii) the amounts, if any, in the Senior Surplus Fund after the payment or defeasance of the 2019A Bonds; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the 2019A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 55.277 mills, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 55.277 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the 2019A Bonds as they become due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount. If after January 1, 2018, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for all purposes (debt service and operations and maintenance) to 66.333 mills (subject to adjustment). The maximum Debt Mill Levy is 55.277 mills (subject to adjustment) for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 55.277 mills less the amount of the Senior Bond Mill Levy, 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 2019B Bonds in full. If after January 1, 2018 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 55.277 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

The 2019A Bonds and 2019B Bonds were fully refunded with the issuance of the Series 2025A Bonds on April 3, 2025.

\$5,325,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2025A (2025A Bonds) and \$1,058,000 Subordinate General Obligation Limited Tax Bonds, Series 2025B (2025B Bonds) dated April 3, 2025

Bond Details

On April 3, 2025, the District issued General Obligation Limited Tax Refunding and Improvement Bonds – Series 2025A ("2025A Bonds") with a par amount of \$5,325,000, and with the original issue premium on the 2025A Bonds of \$58,133, total bond proceeds of \$5,383,133. The 2025A Bonds were issued for the purposes of: (i) funding the Senior Reserve Fund in the amount of the Required Reserve; (ii) paying a portion of the costs of refunding the 2019A Bonds and 2019B Bonds; (iii) paying certain reimbursement costs for the Development; and (iv) paying other costs incurred in connection with the issuance.

Interest on the 2025A Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2025 at the rate of 4.75% - 5.25% per annum. To the extent principal of any 2025A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2025A Bonds. To the extent interest on any 2025A Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2025A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2025A Bonds, including all payments of principal, premium if any, and interest, and all 2025A Bonds will be

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

deemed defeased and no longer outstanding upon the payment by the District of such amount.

On April 3, 2025, the District issued Subordinate General Obligation Limited Tax Bonds – Series 2025B (“2025B Bonds”) with a par amount of \$1,058,000. The 2025B Bonds were issued for the purposes of paying certain reimbursement costs for an additional portion of the Development.

The 2025B Bonds bear interest at 6.25% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2025. The 2025B Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2025B Bonds is not paid when due, such principal shall remain outstanding until the Subordinate Termination Date and shall continue to bear interest at the rate then borne by the 2025B Bonds. To the extent interest on any 2025B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2025B Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2025B Bonds including all payments of principal, premium, if any, and interest and all 2025B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2025B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2064 (“the Subordinate Bond Termination Date”) regardless of the amount of principal and interest paid prior to the Subordinate Bond Termination Date.

Optional Redemption

The 2025A Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2030, to May 31, 2031	3.00%
June 1, 2031, to May 31, 2032	2.00%
June 1, 2032, to May 31, 2033	1.00%
June 1, 2033, and thereafter	0.00%

The 2025B Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Penrith Park Metropolitan District
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December 31, 2025

Date of Redemption	Redemption Premium
June 1, 2030, to May 31, 2031	3.00%
June 1, 2031, to May 31, 2032	2.00%
June 1, 2032, to May 31, 2033	1.00%
June 1, 2033, and thereafter	0.00%

Security

The 2025A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (iii) any other legally available money which the District determines, in its absolute discretion to transfer to the Trustee for application as Senior Pledged Revenue.

The 2025A Bonds are also secured by the Senior Reserve Fund in the amount of the Required Reserve (\$366,000), partially satisfied by the issuance of the 2025A Reserve Policy.

The 2025B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the 2025A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 55.277 mills. If after January 1, 2018, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for all purposes (debt service and operations and maintenance) to 66.333 mills (subject to adjustment). The maximum Debt Mill Levy is 55.277 mills (subject to adjustment) for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 55.277 mills less the

Penrith Park Metropolitan District

NOTES TO FINANCIAL STATEMENTS
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December 31, 2025

amount of the Senior Bond Mill Levy, 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 2025B Bonds in full. If after January 1, 2018 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 55.277 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

The District's long-term obligations for the 2025A Bonds will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2026	\$ 55,000	\$ 257,613	\$ 312,613
2027	55,000	254,863	309,863
2028	65,000	252,113	317,113
2029	70,000	248,863	318,863
2030	80,000	245,363	325,363
2031-2035	495,000	1,161,565	1,656,565
2036-2040	735,000	1,011,664	1,746,664
2041-2045	1,025,000	788,801	1,813,801
2046-2050	1,320,000	501,602	1,821,602
2051-2054	1,295,000	157,701	1,452,701
	<u>\$ 5,195,000</u>	<u>\$ 4,880,148</u>	<u>\$ 10,075,148</u>

The annual debt service requirements on the 2025B Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Operation Funding Agreement

On June 27, 2018, the District entered into the 2018 Operation Funding Agreement (2018 OFA) with Penrith Park Joint Venture, LLC (the Developer). The Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District in an amount of \$50,000 (Shortfall Amount). The 2018 OFA expired on December 31, 2018. This agreement was amended on October 29, 2018 to amend the title of the 2018 OFA to the Operations Funding Agreement (OFA), increase the shortfall amount to \$60,000, and to extend the term of the OFA to December 31, 2019. The First Amendment of the OFA was amended and restated on August 16, 2019 with an effective date of October 29, 2018. Per the First Amendment to the OFA, the Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2019 in an amount not to exceed \$60,000 (Shortfall Amount). On November 19, 2020, the District entered into a Second Amendment to the OFA to amend the Shortfall Amount to \$100,000, extend

Penrith Park Metropolitan District

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the term to December 31, 2021, and extend the repayment obligation to December 31, 2061. The District entered into the Third Amendment to the OFA on October 28, 2021 to amend the Shortfall Amount to \$186,000 and extend the term to December 31, 2022. The District entered into the Fourth Amendment to the OFA on October 28, 2022 to amend the Shortfall Amount to \$200,000 and extend the term to December 31, 2024. The District agrees to repay the advances from funds available after the payment of any annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget appropriation. Simple interest will accrue on each advance from the date of deposit at a rate of 8% per annum. Payments to reimburse the Developer shall be paid by December 2 of each year and shall be applied (a) first to the 2018 OFA principal amount due and then to the 2018 OFA accrued and unpaid interest; and then (b) first to the First Amendment principal amount due; and then to the First Amendment accrued and unpaid interest; and then (c) to the Second Amendment principal amount due; and then to the Second Amendment accrued and unpaid interest. Any obligation to reimburse the Developer shall expire on December 31, 2061. In the event the District has not reimbursed the Developer for any advances made pursuant to this agreement on or before December 31, 2061, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. As of December 31, 2025, the principal and accrued interest balances outstanding and owing to the Developer pursuant to the OFA are \$69,300 and \$51,963, respectively.

Facility Acquisition and Reimbursement Agreement

On February 21, 2019 the District entered into the Facility Acquisition and Reimbursement Agreement (FARA) with Penrith Park Joint Venture LLC (the Developer) and Melody Homes, Inc (Melody) with an effective date of August 8, 2018. Pursuant to a Contract of Sale dated August 6, 2018 between the Developer and Melody, Melody purchased certain property within the boundaries of the District to construct Public Improvements (Improvements). The District did not have sufficient funds available to construct and/or acquire the Improvements; therefore, the District determined that for reasons of economic efficiency and timeliness it was in the best interest of the District for Melody to construct or cause construction of the Improvements. The District also did not have the sufficient funds to pay for the expenses incurred in organizing the District; therefore, the Developer incurred these costs.

The parties agreed that a condition precedent to the District's acquisition of the Improvements and obligation to reimburse the Developer for Construction Costs incurred by Melody was the District's receipt of a written certification of an independent engineer retained by the District. The District shall acquire the Improvements after preliminary acceptance from the appropriate jurisdiction and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer. The District agreed to reimburse the Developer for Certified Construction Costs up to a

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
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maximum amount of \$10,000,000 plus accrued interest (Reimbursement Limitation). The District has no reimbursement obligation for Certified Construction Costs that exceed the Reimbursement Limitation. Certified Construction Costs prior to the Organization Date of the District shall accrue interest from the Organization Date, and Certified Construction Costs incurred after the Organization Date shall accrue interest from the date Melody delivers evidence of Construction Costs to the District. Simple interest shall accrue on amounts reimbursable to the Developer under the FARA, until paid, at eight (8%) per annum. In June 2021, the Developer issued a Letter Agreement to the District, directing the District to accrue simple interest under the FARA at eight percent (8%) per annum for the Organization Costs and Certified Construction Costs from January 7, 2020, which is the date the District accepted the Improvements.

No payment shall be required of the District until the District issues bonds or a loan in an amount sufficient to reimburse the Developer for all or a portion of the Certified Construction Costs and Organization Expenses. The District may make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. To the extent amounts are still owed under the FARA after the District issues bonds or a loan, any obligation to pay such amounts are subordinate to such bonds or loan. The District and the Developer agreed that payments by the District to the Developer shall credit first against accrued and unpaid interest and then to principal. The obligations of the District contemplated in the FARA are subject to annual appropriation and shall not be deemed to be a multiple-fiscal year obligation.

The District shall not be obligated to make any payments to the Developer for Construction Costs incurred by Melody, but not provided to the District within 365 days of initial acceptance of the Improvement. In the event the District has not reimbursed the Developer for any portion of the Certified Construction Costs and/or Organization Expenses by December 31, 2058, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. As of December 31, 2025, the principal and accrued interest balances outstanding and owing to the Developer pursuant to the FARA are \$0 and \$71,958, respectively.

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as \$20,000,000 (the "Service Plan Debt Issuance Limit"), which includes \$10,000,000 for public improvements (the "Public Improvements Limit") and \$10,000,000 for regional improvement (the "Regional Improvements Limit"). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit; provided, however, that refunding Debt does not count against the Service Plan Debt Issuance Limit.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2025

Following issuance of the 2019 Bonds and the 2025 Bonds, the District's remaining Service Plan Debt Issuance Limit for public improvements debt is \$4,085,469.

Note 6 – Agreements

Bennett Park and Recreation District Intergovernmental Agreement

On September 5, 2019, the District entered into an Intergovernmental Agreement (Agreement) with the Bennett Park and Recreation District (BPRD) in which the District agrees to obtain approval from the BPRD prior to construction or installation of any park or recreational improvements. The District also agreed to not apply for grants or other funding from Great Outdoors Colorado (GOCO), receive money from the Colorado Conservation Trust Fund, receive grants from the Town of Bennett Sales Tax programs, or any other funds available from or through governmental or non-profit entities in which the District is eligible to apply or compete with BPRD for funding.

Note 7 – Net Position

The District's net position consists of two components – restricted and unrestricted.

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

	<u>Governmental Activities</u>
Restricted net position:	
Emergency reserve	\$ 2,700
Debt service	172,780
Total restricted net position	<u>\$ 175,480</u>

As of December 31, 2025, the District has unrestricted net position (deficit) of \$(5,860,034). The deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements that have been conveyed to other governmental entities.

Note 8 – Related Parties

The Developer of the property which constitutes the District is Penrith Park Joint Venture, LLC, a Colorado limited liability company. Some of the members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

Penrith Park Metropolitan District

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

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

Note 10 - Tax, Spending and Debt Limitation

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

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

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

On November 7, 2017, the District's voters authorized the District to collect, spend or retain all revenues collected or received by the District in fiscal year 2017 and in each fiscal year thereafter, without regard to any limitations under 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.

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SUPPLEMENTAL INFORMATION

Penrith Park Metropolitan District

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

For the Year Ended December 31, 2025

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 359,361	\$ 359,361	\$ 360,163	\$ 802
Specific ownership taxes	16,171	16,171	17,967	1,796
Investment earnings	50,000	8,000	16,263	8,263
Total revenues	<u>425,532</u>	<u>383,532</u>	<u>394,393</u>	<u>10,861</u>
EXPENDITURES				
Miscellaneous	1,250	400	521	(121)
Treasurer fees	5,390	-	5,403	(5,403)
Trustee fees	7,000	7,000	12,000	(5,000)
Bond principal Series 2019A	40,000	-	-	-
Bond interest Series 2019A	168,750	-	-	-
Bond interest Series 2019B	176,147	-	-	-
Bond principal Series 2025A	-	135,000	130,000	5,000
Bond interest Series 2025A	-	170,359	174,608	(4,249)
Bond principal Series 2025B	-	13,000	23,000	(10,000)
Bond interest Series 2025B	-	48,027	46,288	1,739
Bond issuance costs	-	511,887	444,433	67,454
Contingency	25,000	250,000	-	250,000
Total expenditures	<u>423,537</u>	<u>1,135,673</u>	<u>836,253</u>	<u>299,420</u>
Excess of expenditures over (under) revenues	1,995	(752,141)	(441,860)	310,281
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	6,646,000	6,383,000	(263,000)
Bond discount	-	(75,530)	-	75,530
Bond premium	-	250,000	58,133	(191,867)
Payment to escrow	-	(4,894,536)	(4,899,251)	(4,715)
Developer repayment - principal	-	(1,121,040)	(1,121,040)	-
Developer repayment - interest	-	(472,472)	(402,234)	70,238
Total other financing sources (uses)	<u>-</u>	<u>332,422</u>	<u>18,608</u>	<u>(313,814)</u>
Net change in fund balances	1,995	(419,719)	(423,252)	(3,533)
Fund balances - beginning	<u>612,867</u>	<u>617,500</u>	<u>617,500</u>	<u>-</u>
Fund balances - ending	<u>\$ 614,862</u>	<u>\$ 197,781</u>	<u>\$ 194,248</u>	<u>\$ (3,533)</u>

Penrith Park Metropolitan District
DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025

	\$5,325,000		
	General Obligation Limited Tax		
	Refunding and Improvement Bonds, Series 2025A		
	Dated April 3, 2025		
	Interest Rate 4.75% - 5.25%		
	Interest Payable on June 1 and December 1		
	Principal Due December 1		
Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2026	\$ 55,000	\$ 257,613	\$ 312,613
2027	55,000	254,863	309,863
2028	65,000	252,113	317,113
2029	70,000	248,863	318,863
2030	80,000	245,363	325,363
2031	80,000	241,363	321,363
2032	95,000	237,363	332,363
2033	95,000	232,613	327,613
2034	110,000	227,863	337,863
2035	115,000	222,363	337,363
2036	125,000	216,613	341,613
2037	135,000	210,050	345,050
2038	150,000	202,963	352,963
2039	155,000	195,088	350,088
2040	170,000	186,950	356,950
2041	180,000	178,025	358,025
2042	195,000	168,575	363,575
2043	205,000	158,338	363,338
2044	215,000	147,575	362,575
2045	230,000	136,288	366,288
2046	240,000	124,213	364,213
2047	250,000	112,813	362,813
2048	265,000	100,938	365,938
2049	275,000	88,350	363,350
2050	290,000	75,288	365,288
2051	300,000	61,513	361,513
2052	315,000	47,263	362,263
2053	330,000	32,300	362,300
2054	350,000	16,625	366,625
Total	<u>\$ 5,195,000</u>	<u>\$ 4,880,148</u>	<u>\$ 10,075,148</u>

Penrith Park Metropolitan District
SCHEDULE OF ASSESSED VALUATION
MILL LEVY, AND PROPERTY TAXES COLLECTED

December 31, 2025

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	BRI	Levied	Collected	
2022	\$ 2,540,500	11.133	55.664	1.114	\$ 172,528	\$ 172,527	100.00%
2023	\$ 4,576,920	11.454	57.265	1.146	\$ 319,767	\$ 320,501	100.23%
2024	\$ 5,417,700	13.292	66.454	1.330	\$ 439,245	\$ 439,244	100.00%
2025	\$ 5,406,040	13.295	66.474	1.330	\$ 438,424	\$ 439,403	100.22%

Estimated for
calendar year ending

December 31,							
2026	\$ 5,145,530	12.730	63.645	1.273	\$ 399,540		

Note:

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