



TURNBERRY

BNC Metropolitan District No. 1



FINANCIAL STATEMENTS

**As of and for the 12-month period ended
December 31, 2024**

STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	5
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL	6
GENERAL FUND EXPENDITURE - DETAILS– BUDGET AND ACTUAL.....	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	27
DEBT FUND EXPENDITURE - DETAILS– BUDGET AND ACTUAL	28
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL.....	29
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY.....	30
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED.....	31
OTHER SUPPLEMENTARY INFORMATION	
CHANGE IN TOTAL OVERLAPPING MILL LEVY	33
HISTORICAL DEBT RATIOS	34



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

BNC Metropolitan District No. 1

Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of BNC Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

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

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado
July 7, 2025

BNC METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 319,817
Cash and investments – restricted	1,204,181
Accounts receivable	35,218
Receivable – specific ownership taxes	5,696
Property taxes receivable	1,619,300
Prepaid expenses	24,987
Land	18,900
Depreciable capital assets, net	1,271,892
Total Assets	4,500,033
LIABILITIES	
Accounts payable and accrued liabilities	35,050
Accrued interest payable	31,124
Bond premium	361,923
Current portion of bonds	225,000
Bonds payable	9,722,000
Total Liabilities	10,375,097
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	1,619,300
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	18,000
Debt service	331,356
Capital projects	857,317
Non-spendable	24,987
Unassigned:	(8,726,024)
Net Position (Deficit)	\$ (7,494,364)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 319,817	\$ -	\$ -	\$ 319,817
Cash and investments - Restricted	18,000	327,613	858,568	1,204,181
Property accounts receivable	35,218	-	-	35,218
Receivable - specific ownership tax	1,953	3,743	-	5,696
Accounts receivable - special assessments due from Treasurer	42	-	-	42
Property taxes receivable	519,500	1,099,800	-	1,619,300
Prepaid expenses	24,987	-	-	24,987
TOTAL ASSETS	\$ 919,517	\$ 1,431,156	\$ 858,568	\$ 3,209,241
LIABILITIES				
Accounts payable and accrued liabilities	\$ 33,799	\$ -	\$ 1,251	\$ 35,050
Property accounts - credits balances	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	519,500	1,099,800	-	1,619,300
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	18,000	-	-	18,000
Debt service	-	331,356	-	331,356
Capital projects	-	-	857,317	857,317
Non-spendable	24,987	-	-	24,987
Unrestricted	323,231	-	-	323,231
TOTAL FUND BALANCES	366,218	331,356	857,317	1,554,891
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 919,517	\$ 1,431,156	\$ 858,568	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land	18,900
Property, structures and equipment, net	1,271,892
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(9,947,000)
Bond premium	(361,923)
Accrued interest payable	(31,124)
Net position of governmental activities	\$ (7,494,364)

These financial statements should be read only in connection with the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	\$ 526,778	\$ 1,009,458	\$ -	\$ 1,536,236
Specific ownership taxes	25,636	49,127	-	74,763
Covenant violation fine income	7,194	-	-	7,194
Reimb expenses - collection costs	5,270	-	-	5,270
Net investment income	41,825	59,410	-	101,235
BNC2 cost share contributions	54,100	-	-	54,100
Turnberry HOA contributions	611	-	-	611
Total Revenues	661,414	1,117,995	-	1,779,409
EXPENDITURES				
General and administration	113,822	-	-	113,822
Landscaping maintenance	187,473	-	-	187,473
Capital asset maintenance	12,607	-	-	12,607
Pool maintenance and operation	91,817	-	-	91,817
Other district expenses	54,650	-	-	54,650
Debt service				
Direct and indirect collection costs	-	21,140	-	21,140
Interest payments on Series 2017A Bonds	-	396,750	-	396,750
Principal payments on Series 2017A Bonds	-	215,000	-	215,000
Principal payments on Series 2017B Bonds	-	366,000	-	366,000
Interest payments on Series 2017B Bonds	-	94,621	-	94,621
Major capital projects	-	-	32,054	32,054
Total Expenditures	460,369	1,093,511	32,054	1,585,934
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	201,045	24,484	(32,054)	193,475
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	201,045	24,484	(32,054)	193,475
FIND BALANCES – BEGINNING	165,173	306,872	889,371	1,361,416
FUND BALANCES – END OF YEAR	\$ 366,218	\$ 331,356	\$ 857,317	\$ 1,554,891

These financial statements should be read only in connection with the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2024

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

Net change in fund balances – Total government funds	\$	193,475
--	----	---------

The issuance of long-term debt (e.g., bonds) 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.

Bonds 2017A - principal payment		215,000
Bonds 2017B- principal payment		366,000

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

Depreciation expense on property, structures and equipment		(143,605)
--	--	-----------

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.

Amortization of bond premium		28,426
Change in accrued interest on debt		-

Changes in net position of governmental activities	\$	659,296
---	-----------	----------------

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 519,500	\$ 526,778	\$ 7,278
Specific ownership taxes	33,800	25,636	(8,164)
Covenant violation fine income	5,000	7,194	2,194
Reimb expenses - collection costs	-	5,270	5,270
Net investment income	1,000	41,825	40,825
BNC2 cost share contributions	54,100	54,100	-
Other income	-	611	611
Total Revenues	613,400	661,414	48,014
EXPENDITURES			
General and administration	137,500	113,822	23,678
Landscaping maintenance	258,000	187,473	70,527
Capital asset maintenance	39,800	12,607	27,193
Pool maintenance and operation	120,000	91,817	28,183
Other district expenses	46,500	54,650	(8,150)
Total Expenditures	601,800	460,369	141,431
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,600	201,045	189,445
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(86,800)	-	86,800
Total Other Financing Sources (Uses)	(86,800)	-	86,800
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	(75,200)	201,045	276,245
FUND BALANCE – BEGINNING OF YEAR	136,200	165,173	28,973
FUND BALANCE – END OF YEAR	\$ 61,000	\$ 366,218	\$ 305,218

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 37,000	\$ 37,008	\$ (8)
Administrative costs	4,500	2,302	2,198
Audit fees	7,200	8,500	(1,300)
Collection fees – County Treasurer	7,800	7,901	(101)
Board of Directors’ fees	3,000	3,300	(300)
Board training and conferences	3,500	1,366	2,134
Insurance	10,500	10,500	-
Legal fees	20,000	3,260	16,740
Litigation fees	40,000	39,470	530
Collection Fees - Management Co.	-	180	(180)
Board election expenses	-	-	-
Newsletter publication costs	1,000	-	1,000
Contingency	3,000	35	2,965
Total General and Administration	\$ 137,500	\$ 113,822	\$ 23,678
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 70,500	\$ 70,413	\$ 87
Tree maintenance & replacement	25,000	1,709	23,291
Sprinkler & backflow repairs	28,000	19,622	8,378
Sprinklers – water	84,000	59,817	24,183
Sprinklers – electricity	2,500	2,092	408
Landscaping projects	25,000	23,286	1,714
Monument sign maintenance	1,000	1,945	(945)
Fertilization/weed control	-	-	-
Detention pond maintenance	6,000	6,876	(876)
Miscellaneous landscape costs	16,000	1,713	14,287
Total Landscaping Maintenance	\$ 258,000	\$ 187,473	\$ 70,527
CAPITAL ASSET MAINTENANCE			
Perimeter fence maintenance	\$ 20,000	\$ 846	\$ 19,154
Playground maintenance	10,000	1,430	8,570
Insurance property	9,800	10,331	(531)
Total Capital Asset Maintenance	\$ 39,800	\$ 12,607	\$ 27,193
POOL MAINTENANCE AND OPERATION			
Pool maintenance fees	\$ 10,300	\$ 7,493	\$ 2,807
Pool chemicals	6,000	11,776	(5,776)
Repairs and supplies	15,000	2,346	12,654
Pool furniture maintenance	6,200	2,577	3,623
Electricity	2,100	3,149	(1,049)
Gas - pool heating	2,400	2,797	(397)
Internet and equipment installation	1,800	992	808
Water and sewer	4,300	4,449	(149)
Bathroom cleaning/Trash	11,300	8,632	2,668
Gate attendant services	32,100	31,320	780
Pool manager services	16,000	15,860	140
Pool key administration	12,500	-	12,500
Dumpster Service	-	426	(426)
Total Pool Maintenance and Operation	\$ 120,000	\$ 91,817	\$ 28,183
OTHER DISTRICT EXPENSES			
Snow removal	\$ 15,000	\$ 20,585	\$ (5,585)
Covenant enforcement	23,500	32,859	(9,359)
Park and recreation events	7,000	381	6,619
Vandalism	1,000	825	175
Total Other District Expenses	\$ 46,500	\$ 54,650	\$ (8,150)

These financial statements should be read only in connection with the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2024

NOTE 1 – DEFINITION OF REPORTING ENTITY

BNC Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 30, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) in August 2000 and amended with City approval in September 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of approximately 22.7 acres of undeveloped land on the south side of 104th Avenue and 458 single family homes on the north side of 104th Avenue. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations 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 significant accounting policies of the District are 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.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows 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 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 liabilities are 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank 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.

Investments are carried at fair value.

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

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2024, the District's share of Specific ownership taxes was equal to approximately 4.5% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, on properties that the District deems to be in violation of the restrictive covenants provided in the Community Declaration For Turnberry Meadows filed with the Adams County Clerk & Recorder's Office on August 10, 2004 at reception number 20040810000749180 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective properties. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For the 2024 year, the District allocated indirect collection costs between its general fund (100% cost allocation) and its debt fund (0% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2024 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has 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 that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Bond Premiums

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and
- 3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

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 funds report up to five classifications of fund balance: non-spendable, 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 a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- ***Restricted fund balance*** – The portion of a 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 a 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 a 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 a 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 policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 319,817
Cash and investments – restricted	1,204,181
Total cash and investments	\$ 1,523,998

Cash and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	\$ 97,424
Investments	1,426,574
Total cash and investments	\$ 1,523,998

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, 2024, the District's cash held at financial institutions had a bank balance of \$99,328 and a carrying balance of \$97,424.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2024, the District’s investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 1,426,574

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District’s ability to withdraw funds invested in CSAFE. CSAFE is rated AAmmf by Fitch Group.

NOTE 4 – CAPITAL ASSETS AND LAND

An analysis of the changes in capital assets for the 12-month period ended December 31, 2024, follows:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Accumulated Depreciation
Perimeter fencing	\$ 564,700	\$ -	\$ -	\$ 564,700	(\$ 527,240)
Pool equipment	264,225	-	-	264,225	(308,235)
Landscaping in public open spaces	2,129,149	-	-	2,129,149	(1,148,882)
Community pool facility	518,600	-	-	518,600	(220,425)
Governmental activities – Capital assets, net	\$ 3,495,574	\$ -	\$ -	\$ 3,476,674	(\$ 2,204,782)

The District owns and maintains approximately 18.9 acres of public open spaces located within the District. The District has recorded the public land and related water rights at a nominal value of \$18,900.

Capital assets subject to depreciation consists of the following types of public infrastructure: (1) landscaping installed in various public open spaces throughout the subdivision, (2) storm water detention ponds, (3) entryway monument signs, (4) community swimming pool facility, (5) two parks/playgrounds, (6) sidewalks and irrigation systems and (7) perimeter fencing bordering all District-owned parks and open spaces and (8) a wall along the east side of Highway 2.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
Series 2017A G.O. Bonds	\$ 9,245,000	\$ -	(\$ 215,000)	\$ 9,030,000	\$ 225,000
Accrued Interest – Series 2017A G.O. Bonds	31,124	396,750	(396,750)	31,124	-
Series 2017B G.O. Bonds	1,283,000	-	(366,000)	917,000	-
Accrued Interest – Series 2017B G.O. Bonds	-	94,621	(94,621)	-	-
Series 2017A Bond Premium	390,349	-	(28,426)	361,923	-
Total	\$ 10,949,473	\$ 491,371	(\$1,100,797)	\$ 10,340,047	\$ 225,000

Details regarding the District's long-term obligations are as follows:

Series 2017A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On November 02, 2017, the District issued Limited Tax (Convertible to Unlimited Tax) G.O. Refunding and Improvement Bonds, Series 2017A in the amount of \$10,340,000. The Senior Bonds bear interest at rates ranging from 3.00% to 5.00%, and the Bonds are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Senior Bonds mature on December 1, 2047.

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 10,340,000
Bond premium	571,724
Less:	
Refund the Series 2013A bonds	(4,917,000)
Refund the Series 2013B bonds	(2,806,229)
Accrued interest on 2013 Bonds	(56,629)
Funds restricted for the Senior Reserve Fund	(307,156)
Funds restricted for the Senior Bond Fund	(40,000)
Underwriter's discount	(51,700)
Legal, accounting and other costs of issuance	(297,196)
Net bond proceeds available for funding costs of public improvements	\$ 2,435,814

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees; and
- d) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Amounts on deposit in the Senior Bond Fund and, prior to the Conversion Date, amounts on deposit in the Senior Reserve Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Reserve Fund in accordance with the Senior Indenture up to the Maximum Reserve Amount of \$307,156.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount. Pursuant to the Senior Indenture, the Senior Surplus Fund will be terminated upon the Conversion Date, if it occurs, and any moneys therein applied to any legal purpose of the District. The balance in the Senior Reserve Fund at December 31, 2024, was \$309,489.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest, without redemption premium.

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 225,000	\$ 386,000	\$ 611,000
2026	235,000	374,750	609,750
2027	250,000	363,000	613,000
2028	260,000	350,500	610,500
2029	275,000	337,500	612,500
2030-2034	1,590,000	1,467,500	3,057,500
2035-2039	2,025,000	1,038,237	3,063,237
2040-2044	2,460,000	604,313	3,064,313
2045-2047	1,710,000	129,750	1,839,750
Total	\$ 9,030,000	\$ 5,051,550	\$ 14,081,550

The District's detail debt service schedule for its Senior Bonds is provided on page 28.

Series 2017B Subordinate General Obligation Limited Tax Bonds (Subordinate Bonds)

On November 02, 2017, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2017B in the amount of \$1,641,000. The stated interest rate on the Subordinate Bonds is 7.375% per annum, and the Bonds are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 16, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 16, 2057, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2022, 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>	<u>Redemption Premium (\$)</u>
December 15, 2024, to December 14, 2025	1.0%	\$ 14,390
December 15, 2025, and thereafter	0.0%	\$ -

Events of Default – Series 2017A and B Bonds

The following events are considered events of default under the respective 2017A and 2017B indentures of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the

Indenture of Trust, (2) the District fails to pay the principal or interest on the Bonds when due (only applicable to the 2017A Bonds), (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization

Debt Authorization – Service Plan

The District’s Service Plan, which was approved by the City on September 15, 2003, authorizes the District, BNC Metropolitan District No 1 (BNC1) and BNC Metropolitan District No. 3 (BNC3) to issue up to \$60 million in debt among the three districts. The District’s Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000. As of August 21, 2000, the ratio was 9.74%. The ratio for 2024 was 6.70%, which caused the District’s Maximum Mill Levy for debt service for 2024 to be 72.687.

As of December 31, 2024, total remaining debt issuance authorization under the District’s Third Amended and Restated Service Plan is as follows:

	BNC Metro 1	BNC Metro 2	BNC Metro 3	Combined Total
Authorized maximum debt issuance per Service Plan				\$60,000,000
Less:				
Series 2004 Bonds	(\$ 6,020,000)	\$ -	\$ -	(\$6,020,000)
Series 2005 Bonds	-	(5,000,000)	-	(5,000,000)
Series 2013A/B Bonds	(7,710,000)	-	-	(7,710,000)
Series 2017A/B Bonds	(11,981,000)	-	-	(11,981,000)
Series 2019A/B Bonds	-	(22,717,000)	-	(22,717,000)
Series 2022A/B Bonds	-	-	(17,540,000)	(17,540,000)
Total debt issued	(25,711,000)	(27,717,000)	(17,540,000)	(70,968,000)
Refunding of debt	10,830,222	2,477,057	-	13,307,279
Total Issued Debt, net of refunding debt	(\$ 14,880,778)	(\$ 25,239,943)	(\$ 17,540,000)	(57,660,721)
Total Remaining Debt Authorized by Service Plan				\$ 2,339,279

The combined financing plan for the District, BNC2 and BNC3 which was included in the respective District’s 2003 service plans submitted to the City projected (1) issuing debt totaling \$30 million to fund the installation of public infrastructure across all three districts and (2) the full build-out of all residential lots across all three districts to be

completed by 2011. As of December 31, 2024, the District is fully built out, BNC2 is partially built out and BNC3 is partially built out.

Debt Authorization – TABOR

As of December 31, 2024, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District’s voters in compliance with TABOR.

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into three contingent obligation agreements with the Developers (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2024:

Operations and Maintenance Cost Reimbursement Agreement. The District entered into an Amended and Restated Operation Funding Agreement – as executed on May 18, 2004 and amended on March 21, 2006, May 15, 2007, October 16, 2007, and November 18, 2008 – (AROF Agreement) with 104th Avenue Investment Partners, LLC (104 AIP, LLC) pursuant to which 104 AIP, LLC agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The District agreed to reimburse the 104 AIP, LLC for such amounts, subject to annual appropriation by the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. On December 31, 2024, any remaining unpaid balances due to 104 AIP, LLC under the AROF Agreement will be discharged.

On October 24, 2017, the District Board, which was comprised of two directors who were owners of Catellus CC Note, LLC (CCC Note, LLC) and three directors who were owners of 104 AIP, LLC, and 104 AIP, LLC amended the AROF Agreement to require any District repayments made under this Agreement to be paid 50% to CCC Note, LLC and 50% to 104 AIP, LLC. For the 12-month period ended December 31, 2024, District payments made, advances received and interest accrued under the OMCR Agreement is as follows:

	<u>104 AIP, LLC</u>	<u>CCC Note, LLC</u>	<u>Total</u>
Developers Advances – Operations			
Beginning Balance (Jan. 01, 2024)	\$ 219,983	\$ 219,983	\$ 439,966
Additional advances	-	-	-
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2024)	<u>\$ 219,983</u>	<u>\$ 219,983</u>	<u>\$ 439,966</u>
Accrued Interest on Developers Advances – Operations			
Beginning Balance (Jan. 01, 2024)	\$ 230,377	\$ 230,377	\$ 460,754
Accrued interest	17,599	17,599	35,198
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2024)	<u>\$ 247,976</u>	<u>\$ 247,976</u>	<u>\$ 495,952</u>

2017 Public Facility Reimbursement Agreement. On October 24, 2017, the District entered into a Public Facility Reimbursement Agreement with CCC Note, LLC (2017PFR Agreement) pursuant to which CCC Note, LLC agreed to advance to the District cash to fund the construction of public improvements within the boundaries of the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. Any contingent obligations owing under the 2017 PFR Agreement are subordinate to any contingent obligations owing under the 2003 PFR Agreement. The District agreed to reimburse CCC Note, LLC for such amounts, subject to annual appropriation by the District. The 2017 PFR Agreement will terminate and any remaining unpaid balances due to CCC Note, LLC under the 2017 PFR Agreement will be discharged on December 31, 2057.

For the year ended December 31, 2024, no reimbursable costs were incurred by nor owing to CCC Note, LLC under the 2017PFR Agreement.

NOTE 7 – NET POSITION (DEFICIT)

Restricted Net Position

The District's restricted net position as of December 31, 2024 in the general fund, debt service fund and capital projects fund totaled \$18,000, \$331,355 and \$857,317, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 13 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2021 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction and major repairs of public infrastructure.

Non-spendable Net Position

The District's non-spendable net position as of December 31, 2024 in the general fund, debt service fund and capital project fund totaled \$24,987, \$0, and \$0, respectively. These balances were created due to the District prepaying certain 2025 expenses in 2024.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled (\$8,726,024). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City, South Adams County Water & Sanitation District and the District.

NOTE 8 – AGREEMENTS

Covenant Enforcement and Architectural Review Services

On April 01, 2021, the District entered into an agreement with Turnberry Meadows HOA to serve as the enforcer of the covenants, conditions and restrictions applicable to all home lots within the District as provided in Community Declaration for Turnberry Meadows. The cost of providing such services on behalf of the HOA will be funded from the annual revenues generated by the District. This agreement automatically renews on January 1st of each calendar year unless cancelled by the District or the HOA no less than 30 days prior to the renewal date.

Cost Sharing Agreement with BNC2 and BNC3

On October 24, 2017, the District entered into an agreement with BNC Metropolitan District No. 2 (BNC2) and BNC Metropolitan District No. 3 (BNC3) to share the costs of installing five public improvements projects located within and without the boundaries of the three districts (Cost Sharing IGA). When this Cost Sharing IGA was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

The five public improvements subject to funding under the Cost Sharing IGA (and related estimated project costs per the Cost Sharing IGA) are as follows:

	Location of Infrastructure	District	BNC2	BNC3	Total
Potomac Street Improvements (from E 108 th Ave to 112 th Ave)	BNC2	\$ 464,166	\$ 596,785	\$ 265,238	\$ 1,326,189
108 th Avenue (from Turnberry Pkwy to Potomac St)	BNC2	604,678	769,590	-	1,374,268
Turnberry Parkway (from 108 th Ave to Potomac St)	BNC2	1,680,603	2,138,950	-	3,819,553
Open space landscaping (Turnberry subdivision filing 3)	BNC1	548,410	-	-	548,410
Revere Street (South side of 104 th Avenue)	BNC3	1,116,906	1,116,906	3,350,718	5,584,530
Total Estimated Cost Allocation		<u>\$4,414,765</u>	<u>\$4,622,232</u>	<u>\$3,615,957</u>	<u>\$12,652,949</u>

As of December 31, 2024, the status of each of the five projects is as follows:

- The Potomac Street improvement project – completed in 2017
- 108th Avenue installation project – completed in 2018
- Turnberry Parkway installation project – completed in 2022
- Open space landscaping in Turnberry Filing No. 3 – completed in 2017
- Peoria Parkway (South side of 104th Avenue) installation project – See Note 12 regarding litigation

The District’s maximum funding commitment under the Cost Sharing IGA is limited to \$3,944,802 of the net cash proceeds from the issuance of the District’s 2017 bonds – regardless of the actual costs of the five projects ultimately allocated to the District. This Cost Sharing IGA may be terminated by either (1) mutual consent of all three districts or (2) all three districts accept the allocation of actual costs incurred to construct all five public infrastructure projects.

On December 23, 2019, the District, BNC2 and BNC3 amended the Cost Sharing IGA to appoint BNC3 as the entity responsible for constructing the remaining public improvement projects. Also, per the amendment, the District agreed to transfer all cash from the District’s senior and subordinate project funds (which were funded from the District’s 2017 bond proceeds) to BNC3. On April 24, 2020, the District transferred \$3,363,277 to BNC3 under the Cost Sharing IGA. Any such funds not utilized by BNC3 by December 31, 2023 will be returned to the District. At the time this Cost Sharing IGA and related amendment was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developer.

NOTE 9 – RELATED PARTIES

The owners and developers of the land within the District was 104th Avenue Investment Partners, LLC (104 AIP, LLC), BCX Development Partners, Inc (BCX) and Catellus CC Note, LLC (CCC Note, LLC) (collectively, the “Developers”).

For the 12-month period ended December 31, 2024, none of the directors serving on the District’s board reported conflicts of interest regarding their service on the board.

For the 12-month period ended December 31, 2024, none of the directors serving on BNC Metropolitan District No. 2’s (BNC2) board reported conflicts of interest regarding their service on the BNC2 board.

For the 12-month period ended December 31, 2024, all of the directors serving on BNC Metropolitan District No. 3’s (BNC3) board reported conflicts of interest regarding their service on the board due to being employees/officers of Catellus Development Corp.

The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3. (See Note 8)

As of December 31, 2024, the Turnberry Meadows Homeowners Association, Inc (HOA) board was comprised of three individuals – two of whom serve as directors on BNC2 and one who serves on the District’s board.

As of December 31, 2024, active related party transactions and agreements between the District and the Developers were as follows:

- The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3 (See Note 8)
- The District is a party to an Operation Funding Agreement with 104 AIP, LLC and CCC Note, LLP (See Note 6)
- The District is party to a 2017 public facility reimbursement agreement with CCC Note, LLC (See Note 6)

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, 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 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 07, 2000, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

NOTE 12 – LITIGATION

On May 01, 2023, the District and BNC2 filed a complaint in Adams County District Court against BNC3 and five individuals who served on the District's board and/or BNC2's board prior to the May 2020 board elections. The District's claims were as follows:

- 1) The 2017 Cost Sharing Agreement and related amendments thereto between the District, BNC2 and BNC3 (See Note 8) is an invalid contract;
- 2) If the 2017 Cost Sharing Agreement is deemed a valid contract (which the District and BNC2 allege it is not), the Developer-controlled BNC3 board breached the contract's covenants of good faith and fair dealing by placing the Developer's interest ahead of the public's interest;
- 3) If the 2017 Cost Sharing Agreement is deemed a valid contract (which the District and BNC2 allege it is not), BNC3 breached the contract by failing to perform its express obligations under the contract; and
- 4) The individual defendants breached their fiduciary duties to the public while serving on the District's, BNC2 and BNC3 boards when these directors two weeks prior to these directors losing control of the District's board as a result of the District's regular board election process approved transferring (1) \$3,363,277 in District funds to BNC3 and (2) \$1,428,192 in BNC2 funds to BNC3.

In April 2024, District Court dismissed without prejudice (allowing the District to alter and then refile such claims) certain claims regarding District and BNC2's alleged invalidity of the 2017 Cost Sharing Agreement and related amendments including claims that the Agreement was invalid due to (1) lack of consideration, (2) certain terms of the Agreement were unconscionable and (3) certain terms of the Agreement violated public policy. Also, District Court dismissed without prejudice certain claims that BNC3 allegedly breached the Agreement by (1) requiring the transfer of funds from the District and BNC2 before construction of Peoria Parkway was completed in BNC3, (2) requiring the District and BNC2 to requisition the bond trustee to release funds to the District and BNC2 before construction of Peoria Parkway was completed in BNC3, (3) requiring the District and BNC2 to pay for public improvements that were not necessary for development within BNC1 and BNC2 and (4) breaching the implicit contractual covenant of good faith and fair dealing with the District and BNC2.

District Court also dismissed with prejudice the District and BNC2's claims that (1) the 2017 Cost Sharing Agreement and related amendments was invalid because the Agreement was not authorized by the taxpayers under the constitutional requirements of TABOR; and (2) the five individuals who served on the District and/or BNC2 boards – all who were Catellus employees or spouses of Catellus employees – were fully protected by the Colorado Governmental Immunity Act (CGIA) regarding the claims that they breached their fiduciary duties regarding their service as directors on the District and BNC2 boards, and the CGIA afforded the individuals full protection against these claims.

On October 22, 2024, the District and BNC2 appealed to the Colorado Court of Appeals the District Court's dismissal of the breach of fiduciary claims against the five individuals.

The District Court did not dismiss the District and BNC2 breach of contract claims – which will proceed to trial – that BNC3 allegedly:

- 1) failed to administer all design and construction related activities associated with the Improvements in a diligent, good, workmanlike and timely manner; and failed to provide BNC1 and BNC2 with construction budgets and construction schedules for the Improvements;
- 2) failed to construct or cause to be constructed the Improvements in accordance with construction budgets and construction schedules;
- 3) failed to provide the District and BNC2 monthly reports evidencing (i) the actual costs of each Improvement as compared to the estimated costs, (ii) copies of all invoices and (iii) amount delivered by each nonconstructing district for payment of the allocated Improvement Costs and transferred to the applicable Constructing District,
- 4) failed to provide BNC1 and BNC2 with a final reconciliation of total Improvement Costs expended from the funds appropriated by each District within 90 days of substantially completing the Improvements, because BNC3 took payment from BNC1 and BNC2 before substantial completion of all Improvements;
- 5) failed to follow the dispute resolution requirements, instead taking and keeping payments from BNC1 and BNC2 without reconciliation.

The District and BNC2's prayers for relief include, but are not limited to, return of funds transferred to BNC3 prior to the May 2020 board election (\$3,363,277 and \$694,556 transferred from the District and BNC2, respectively) plus interest, costs and fees.

On August 08, 2024, BNC3 wired \$3,693,063 of the disputed funds to Catellus CC Note, LLC as payment of claims submitted by Catellus CC Note, LLC to BNC3 under a Facilities Funding and Acquisition Agreement dated October 24, 2017 between Catellus CC Note, LLC and BNC3.

Assessing and predicting the outcome of this matter involves substantial uncertainties. It remains possible that despite the District Board's current belief, material differences in actual outcomes or changes in the Board's evaluation or predictions could arise that could have a material adverse effect on the District's financial condition, results of operations, or cash flows.

NOTE 12 – SUBSEQUENT EVENTS

On March 27, 2025, the Board of BNC3 – comprised entirely of two directors employed by Catellus – adopted an amended and restated resolution providing for the defense and indemnification of directors and employees of BNC3. Per such resolution, BNC3 agreed to pay the costs or defense including reasonable attorney fees and any fines or penalties assessed where a criminal action is brought against its directors, officers or employees for acts or omissions

occurring during their term or employment with the District and within the Scope of Employment. The Board also extended such protections to Special District Management Services, Inc, the managers of BNC3.

On April 15, 2025, the District and BNC2 placed BNC3, along with Catellus CC Note, LLC and certain individuals, on notice that the District and BNC2 may be filing legal claims against BNC3 and these individuals regarding certain alleged unlawful acts including the August 08, 2024 transfer of disputed funds from BNC3 to Catellus CC Note, LLC.

On April 22, 2025, the Catellus-controlled BNC3 board issued a \$3.5 million bond to Catellus CC Note, LLC – which is \$1,160,721 higher than the \$2,339,279 remaining borrowing authority provided under the combined borrowing limit applicable to the District, BNC2 and BNC3 per their respective service plans.

On May 06, 2025, five homeowners were elected to serve as directors on the BNC3 board.

On May 22, 2025, the Colorado Court of Appeals (COA) upheld the District Court’s ruling dismissing the District and BNC2’s claims against the five individuals on the grounds that (1) the Colorado Governmental Immunity Act (CGIA) applied to the claims because the actions (the COA offered no opinion as to whether the actions were proper or not) were part of governmental functions (2) the District and BNC2 failed to provide notice of claim to such individuals prior to filing such claims in District Court against such individuals as required under the CGIA and (3) the District and BNC2 failed to sufficiently allege how the individuals acted outside of the scope of their responsibilities as public officials. The case was remanded to District Court to award attorney fees to the five individual defendants.

SUPPLEMENTARY INFORMATION

BNC METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 995,500	\$ 1,009,458	\$ 13,958
Specific ownership taxes	64,700	49,127	(15,573)
Net investment income	40,000	59,410	19,410
Total Revenues	1,100,200	1,117,995	17,795
EXPENDITURES			
Direct and indirect collection costs	21,600	21,140	460
Debt service			
Interest payments on Series 2017A Bonds	396,800	396,750	50
Principal payments on Series 2017A Bonds	215,000	215,000	-
Principal payments on Series 2017B Bonds	365,600	366,000	(400)
Interest payments on Series 2017B Bonds	101,200	94,621	6,579
Total Expenditures	1,100,200	1,093,511	6,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	24,484	24,484
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	24,484	24,484
FUND BALANCE – BEGINNING	307,200	306,872	(328)
FUND BALANCE – END OF YEAR	\$ 307,200	\$ 331,356	\$ 24,156

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 15,000	\$ 15,140	\$ (140)
Bond paying agent fees	5,500	6,000	(500)
Legal fees	-	-	-
Contingency	1,100	-	1,100
Total Direct and Indirect Collection Costs	<u>\$ 21,600</u>	<u>\$ 21,140</u>	<u>\$ 460</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Other revenue	\$ -	\$ -	\$ -
Turnberry HOA contributions	-	-	-
Net investment income	10,000	-	(10,000)
Total Revenues	10,000	-	(10,000)
EXPENDITURES			
Capital projects			
Major capital projects	200,000	32,054	167,946
Total Expenditures	200,000	32,054	167,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,000)	(32,054)	157,946
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	86,800	-	(86,800)
Total Other Financing Sources (Uses)	86,800	-	(86,800)
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	(103,200)	(32,054)	71,146
FUND BALANCE – BEGINNING OF YEAR	820,800	889,371	68,571
FUND BALANCE – END OF YEAR	\$ 717,600	\$ 857,317	\$ 139,717

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2024

The District's repayment schedule for its Series 2017A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	\$ 225,000	\$ 386,000	3.75% to 5.00%	\$ 611,000
2026	235,000	374,750	3.75% to 5.00%	609,750
2027	250,000	363,000	3.75% to 5.00%	613,000
2028	260,000	350,500	3.75% to 5.00%	610,500
2029	275,000	337,500	3.75% to 5.00%	612,500
2030	290,000	323,750	3.75% to 5.00%	613,750
2031	300,000	309,250	3.75% to 5.00%	609,250
2032	315,000	294,250	3.75% to 5.00%	609,250
2033	335,000	278,500	3.75% to 5.00%	613,500
2034	350,000	261,750	3.75% to 5.00%	611,750
2035	370,000	244,250	3.75% to 5.00%	614,250
2036	385,000	225,750	3.75% to 5.00%	610,750
2037	405,000	206,500	3.75% to 5.00%	611,500
2038	425,000	188,862	3.75% to 5.00%	613,862
2039	440,000	172,875	3.75% to 5.00%	612,875
2040	455,000	156,375	3.75% to 5.00%	611,375
2041	475,000	139,313	3.75% to 5.00%	614,313
2042	490,000	121,500	3.75% to 5.00%	611,500
2043	510,000	103,125	3.75% to 5.00%	613,125
2044	530,000	84,000	3.75% to 5.00%	614,000
2045	550,000	64,125	3.75% to 5.00%	614,125
2046	570,000	43,500	3.75% to 5.00%	613,500
2047	590,000	22,125	3.75%	612,125
	<u>\$ 9,030,000</u>	<u>\$ 5,051,550</u>		<u>\$ 14,081,550</u>

The original face value of these bonds totaled \$10,340,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2017B Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

BNC METROPOLITAN DISTRICT NO. 1
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2019	\$ 11,735,880	14.372	55.277	\$ 817,392	\$ 817,392	100.0%
2020	13,605,140	14.472	55.663	954,197	962,055	100.8%
2021	13,648,870	27.885	59.617	1,194,300	1,187,388	99.42%
2022	14,332,490	27.364	55.664	1,190,000	1,194,765	100.4%
2023	13,935,600	32.856	57.266	1,255,900	1,255,904	100.0%
2024	16,758,830	30.999	59.403	1,515,000	1,536,236	101.4%
2025	16,764,670	30.988	65.602	1,619,300	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

BNC METROPOLITAN DISTRICT NO. 1
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2024

	2023 Mill Levy *	2024 Mill Levy **	Change
BNC Metropolitan District No 1	90.402	96.590	6.188
School District 27-Brighton	56.290	56.644	0.354
Adams County	26.835	26.944	0.109
Commerce City North Infrastructure GID	8.000	8.000	-
South Adams County Fire Protection District	14.750	14.750	-
Rangeview Library District	3.653	3.667	0.014
Commerce City	2.550	2.700	0.150
South Adams County Water & Sanitation District	1.966	2.013	0.047
Urban Drainage & Flood Control District	0.900	0.900	-
Urban Drainage – South Platte Subdistrict	0.100	0.100	-
Total Mill Levy	205.446	212.308	6.862

* -- For property tax collections in 2024

** -- For property tax collections in 2025

BNC METROPOLITAN DISTRICT NO. 1
HISTORICAL DEBT RATIOS
 December 31, 2024

	2020	2021	2022	2023	2024
General Obligation Bonds	\$ 11,481,000	\$ 11,291,000	\$ 10,889,000	\$ 10,528,000	\$ 9,947,000
Accrued, unpaid interest - Bonds	\$ 145,643	\$ 59,758	\$ 66,383	\$ 31,124	\$ 31,124
Restricted cash in debt fund	(\$ 355,864)	(\$ 349,697)	(\$ 279,037)	(\$ 302,078)	(\$ 327,613)
Combined assessed property values within the District	\$13,648,870	\$14,332,490	\$13,935,600	\$16,758,830	\$16,764,670
Ratio of debt to assessed property values	82.6%	76.8%	76.6%	61.2%	57.6%