Turnberry

BNC Metropolitan District No. 2



FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

BNC Metropolitan District No. 2

Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of BNC Metropolitan District No. 2 (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 District, as of December 31, 2025, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.



Castle Pines, Colorado
September 27, 2026

BNC Metropolitan District No 2
STATEMENT OF NET POSITION
December 31, 2025

		Governmental Activities
ASSETS		
Cash and investments	$	255,066
Cash and investments – restricted		549,971
Accounts receivable – property owners		205,653
Specific ownership taxes receivable		4,508
Interfund receivable - due from debt fund		8,469
Property taxes receivable		1,360,700
Prepaid expenses		8,932
Land		1,094
Depreciable capital assets, net		318,397
Total Assets		**2,712,790**
LIABILITIES		
Accounts payable and accrued liabilities		244,823
Prepaid SFA fees and deferred facility fee revenue		194,020
Interfund payable - due to general fund		8,469
Accrued interest payable		2,555,394
Current general obligation bonds		355,000
General obligation refunding bonds		21,993,996
Total Liabilities		**25,351,702**
DEFERRED INFLOWS OF RESOURCES		
Property tax revenue		1,360,700
Total Deferred Inflows of Resources		**1,360,700**
NET POSITION (DEFICIT)		
Restricted:		
Emergency reserves		9,500
Debt service		64,218
Capital projects		463,828
Non-spendable		8,932
Unassigned:		(24,546,090)
Net Position (Deficit)	**$**	**(23,999,612)**

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

BNC Metropolitan District No 2
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government:					
Government Activities:					
General government activities	$ (224,506)	$ 2,220	$ -	$ 33,800	$ (188,486)
Interest and related costs on long-term debt	(1,483,512)	-	-	-	(1,483,512)
Capital project activities	(30,720)	-	-	382,277	351,557
Single family attached home activities	-	35,392			35,392
	$ (1,738,738)	**$ 37,612**	**$ -**	**$ 416,077**	(1,285,049)
	General Revenues				
	Property taxes				1,238,305
	Specific ownership taxes				60,901
	Other income				-
	Net investment income				32,062
	Total general revenue				**1,331,268**
	Change in net position				46,219
	Net Position (Deficit) – Beginning of Year				**(24,045,831)**
	Net Position (Deficit) – End of Year				**$ (23,999,612)**

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

BNC Metropolitan District No 2
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Single Family Attached Subdistrict	Total Government Funds
ASSETS					
Cash and investments	$ 255,066	$ -	$ -	$ -	$ 255,066
Cash and investments - Restricted	9,500	69,032	428,436	43,003	549,971
Accounts receivable - property owners	201,075	-	-	4,578	205,653
Specific ownership taxes receivable	853	3,655	-	-	4,508
Interfund receivable - due from debt fund	8,469	-	-	-	8,469
Property taxes receivable	234,400	1,126,300	-	-	1,360,700
Prepaid expenses	8,932	-	-	-	8,932
TOTAL ASSETS	**$ 718,295**	**$ 1,198,987**	**$ 428,436**	**$ 47,581**	**$ 2,393,299**
LIABILITIES					
Accounts payable and accrued liabilities	$ 244,823	$ -	$ -	$ -	$ 244,823
Prepaid SFA fees and deferred facility fees	181,831	-	-	12,189	194,020
Interfund payable - due to general fund	-	8,469	-	-	8,469
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	234,400	1,126,300	-	-	1,360,700
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**661,054**	**1,134,769**	**-**	**12,189**	**1,808,012**
FUND BALANCES					
Restricted:					
Emergencies (TABOR)	9,500	-	-	-	9,500
Debt service	-	64,218	-	-	64,218
Capital projects	-	-	428,436	35,392	463,828
Non-spendable	8,932	-	-	-	8,932
Unrestricted	38,809	-	-	-	38,809
TOTAL FUND BALANCES	**57,241**	**64,218**	**428,436**	**35,392**	**585,287**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 718,295**	**$ 1,198,987**	**$ 428,436**	**$ 47,581**	

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	1,094
Property, structures and equipment, net	318,397
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(22,348,996)
Accrued interest payable	(2,555,394)
Net position of governmental activities	**$ (23,999,612)**

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

BNC Metropolitan District No 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	SFA Subdistrict Fund	Total Government Funds
REVENUES					
Property taxes	$ 234,312	$ 1,003,993	$ -	$ -	$ 1,238,305
Specific ownership taxes	11,492	49,409	-	-	60,901
Facility fees	33,800	-	-	-	33,800
SFA Maintenance Fee ($100/Lot)	-	-	-	35,392	35,392
Covenant violation fine income	2,200	-	-	-	2,200
Net investment income	7,450	23,269	1,343	-	32,062
Other income	20	-	-	-	20
Total Revenues	**289,274**	**1,076,671**	**1,343**	**35,392**	**1,402,680**
EXPENDITURES					
General and administration	66,544	-	-	-	66,544
Landscaping maintenance	70,218	-	-	-	70,218
Community pool maintenance expenses	50,180	-	-	-	50,180
Litigation expenses	22,678	-	-	-	22,678
Other district expenses	14,886	-	-	-	14,886
Debt service					
Debt management & compliance	-	94,431	-	-	94,431
Litigation fees	-	326,746	-	-	326,746
Interest payments on bonds	-	582,575	-	-	582,575
Pincipal payments on bonds	-	270,000	-	-	270,000
Major capital projects	-	-	-	-	-
Total Expenditures	**224,506**	**1,273,752**	**-**	**-**	**1,498,258**
EXCESS OF REVENUES OVER (UNDER)	**64,768**	**(197,081)**	**1,343**	**35,392**	**(95,578)**
OTHER FINANCING SOURCES (USES)					
Fund Transfers In / (Out)	(15,000)	-	15,000	-	-
Return of unused capital funds from BNC3	-	-	382,277	-	382,277
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**49,768**	**(197,081)**	**398,620**	**35,392**	**286,699**
FIND BALANCES – BEGINNING	**7,473**	**261,299**	**29,816**	**-**	**298,588**
FUND BALANCES – END OF YEAR	**$ 57,241**	**$ 64,218**	**$ 428,436**	**$ 35,392**	**$ 585,287**

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

BNC Metropolitan District No 2
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, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	286,699
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.		
Principal Payments on Bond Debt		270,000
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:		
Construction of public infrastructure		
Depreciation expense on property, structures and equipment		(30,720)
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.		
Increase in accrued interest 2019A bonds		(420)
Increase in accrued interest 2019B bonds		(479,340)
Changes in net position of governmental activities	**$**	**46,219**

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

BNC Metropolitan District No 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 234,300	$ 234,312	$ 12
Specific ownership taxes	11,500	11,492	(8)
Facility fees	70,000	33,800	(36,200)
Enforcement fines/assessments	5,000	2,200	(2,800)
Net investment income	2,000	7,450	5,450
Other Income	-	20	20
Total Revenues	**322,800**	**289,274**	**(33,526)**
EXPENDITURES			
General and administration	84,100	66,544	17,556
Landscaping maintenance	119,100	70,218	48,882
Community pool maintenance expenses	62,600	50,180	12,420
Litigation expenses	20,000	22,678	(2,678)
Other district expenses	29,200	14,886	14,314
Total Expenditures	**315,000**	**224,506**	**90,494**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**7,800**	**64,768**	**56,968**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	**(15,000)**	**(15,000)**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	**(7,200)**	**49,768**	**56,968**
FUND BALANCE – BEGINNING OF YEAR	**163,800**	**7,473**	**(156,327)**
FUND BALANCE – END OF YEAR	**$ 156,600**	**$ 57,241**	**$ (99,359)**

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

BNC Metropolitan District No 2
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	$ 42,000	$ 42,000	$ -
Administrative costs	3,000	2,277	723
Board election expenses	7,000	296	6,704
Audit fees	8,500	8,500	-
Collection fees – County Treasurer	3,600	3,516	84
Board of Directors' fees	4,000	6,500	(2,500)
Board training and conferences	3,500	-	3,500
Insurance	4,500	3,383	1,117
Legal fees	5,000	72	4,928
Debt management & compliance cost allocation	-	-	-
Miscellaneous expenses	3,000	-	3,000
Total General and Administration	**$ 84,100**	**$ 66,544**	**$ 17,556**
LANDSCAPING MAINTENANCE			
Ground maintenance fees	42,500	42,144	356
Tree maintenance & replacement	12,000	-	12,000
Winter tree watering	-	-	-
Sprinkler repairs	15,000	7,264	7,736
Sprinklers – water	13,000	9,904	3,096
Sprinklers – electricity	2,200	2,000	200
Detention pond maintenance	1,500	745	755
Landscape improvement projects	20,000	732	19,268
Playground maintenance	1,000	-	1,000
Perimeter fence maintenance	1,500	-	1,500
Property insurance	5,400	7,429	(2,029)
Miscellaneous landscape costs	5,000	-	5,000
Total Landscaping Maintenance	**$ 119,100**	**$ 70,218**	**$ 48,882**
OTHER DISTRICT EXPENSES			
Snow removal	8,000	3,015	4,985
Legal Fees - Covenant Enforcement	-	649	(649)
Vandalism	1,000	-	1,000
Newsletter publication costs	700	48	652
Park and recreation events	3,000	-	3,000
Covenant enforcement services	16,500	8,496	8,004
Covenant enforcement - administrative costs	-	2,678	(2,678)
Total Other District Expenses	**$ 29,200**	**$ 14,886**	**$ 14,314**

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

NOTE 1 – DEFINITION OF REPORTING ENTITY

BNC Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on January 09, 2004, 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) on September 15, 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of 406 single family homes and 96 single family attached homes. An additional 142 homes located within Turnberry Filing No 7 are subject to paying taxes only on the District's debt mill levy. The District enforces the covenants applicable to all homes within the District, maintains the landscaping in the parks and open spaces throughout the District and maintains the stormwater detention pond and perimeter fencing within 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 a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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.

Actual expenditures in the Debt Service Fund exceeded budgeted amounts. This may be a violation of State Law.

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 net asset 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. For 2025, the District's share of specific ownership taxes received from the State was approximately 4.9% of total 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.

Facility Fees

On February 18, 2005, the District adopted a resolution, pursuant to 32-1-1001(1)(j)(I) CRS, imposing Facilities Fees upon all real property within the District (Facility Fee Resolution). Specifically, a one-time Facility Fee is payable to the District by the owner of each platted lot that is developed within the District. The Facility Fee imposed on each lot is secured by a perpetual lien. Per the Facility Fee Resolution, the Facility Fee is $2,000 per single-family home lot. The Facility Fee is payable to the District upon issuance of a building permit by the City.

Through December 31, 2022, 337 home lots have been platted and Facility Fees have been collected for all 337 lots. In 2023, Turnberry Filing No 8 was platted by KB Homes for 165 home lots. In 2025, the District collected Facility Fees on 17 home lots. As of December 31, 2025, Facility Fees have not yet been collected on 90 home lots.

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.

Debt Management & Compliance

CRS 32-1-1101(6)(b) prohibits the issuance of general obligation debt and other obligations in an amount that exceeds the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property within the District unless the funding of such obligations (which financial obligations include more than just funding principal and interest payments) is payable from a limited debt service mill levy, which mill levy shall not exceed 50 mills (as adjusted to offset any changes in the method of calculating the assessed value of property within the District).

Debt management and compliance costs incurred by the District include all costs incurred by the District that enable and support the District's ability to manage the District's various contractual obligations per its multiple year debt agreements. Such debt agreements require the District to assess an annual debt mill levy, collect property taxes from such debt mill levy, pay periodic interest and principal payments to the lender/bondholders and comply with various operational and reporting requirements (covenants). Generally, such costs include (a) county treasurer collection fees, (b) 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), (c) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (d) lender/bond trustee service fees, (e) costs related to managing the District's annual property tax assessment process and (f) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For the 2025 year, the District estimated 60% of general and administrative costs were related to the District's contractual obligations to manage the District's debt repayment process and comply with the various covenants in the District's debt agreements. However, due to the District Court ruling against the District in December 2024, the District is prevented from allocating any such costs to the Debt Fund (despite such multi-year contractual commitments being a component of the District's total debt obligations and considered as debt under TABOR). Fees charged by the County Treasurer to collect taxes on behalf of the District from the District's debt mill levy are directly reported in the District's Debt Fund. Service fees charged by the lender/bond trustee and any costs related to refinancing the District's debt are directly reported in the District's Debt Fund.

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, 2025 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.

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 find balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Adoption of New Accounting Standards

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

The District adopted the requirements of this guidance effective January 01, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:		
Cash and investments – unrestricted	$	255,066
Cash and investments – restricted		549,971
Total cash and investments	**$**	**805,037**

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

Deposits with financial institutions	$	26,470
Investments		778,567
Total cash and investments	**$**	**805,037**

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash held at financial institutions had a bank balance of $26,395 and a carrying balance of $26,470.

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, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	$ 326,757
Fidelity Investments Money Market Treasury Only Fund		451,810
		$ 778,567

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 AAAm by Standard & Poor's.

Fidelity Investments Money Market Treasury Only Fund

The debt service trust accounts managed by United Missouri Bank (UMB) are invested in the Fidelity Investments Money Market Treasury Only Fund. This portfolio is a money market mutual fund which invests primarily in short term U.S. Treasury securities and includes repurchase agreements collateralized by U.S. Treasury securities. This Fund is rated AAAm by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS AND LAND

An analysis of the changes in capital assets for the 12-month period ended December 31, 2025, follows:

	Balance at Dec. 31, 2024	Additions	Dedications	Balance at Dec. 31, 2025	Accumulated Depreciation
Perimeter fencing	$ 322,315	$ -	$ -	$ 322,315	($ 80,600)
Landscaping in public open spaces	365,100	-	-	365,100	(288,418)
Capital Assets	**$ 687,415**	**$ -**	**$ -**	**$ 687,415**	**($ 369,018)**

The District owns and maintains approximately 10.9 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 $1,094.

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) sidewalks and irrigation systems, (4) perimeter fencing bordering all District-owned parks and open spaces and (5) 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, 2025:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Due within one year
Series 2019A G.O. Bonds	$ 16,656,996	$ -	($ 270,000)	$ 16,386,996	$ 355,000
Accrued Interest – Series 2019A G.O. Bonds	48,583	583,053	(582,575)	49,061	-
Series 2019B G.O. Bonds	5,962,000	-	-	5,962,000	-
Accrued Interest – Series 2019B G.O. Bonds	2,026,993	479,340	-	2,506,333	-
Total	**$ 24,694,572**	**$ 1,062,393**	**($ 852,575)**	**$ 24,904,390**	**$ 355,000**

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

Series 2019A General Obligation Capital Appreciation Refunding and Improvement Bond (Senior Bonds)

On December 23, 2019, the District issued Limited Tax (Convertible to Unlimited Tax) Capital Appreciation Refunding and Improvement Bond, Series 2019A in the amount of $15,130,603. The Senior Bonds bear 3.50% interest. The Senior Bond is structured as a capital appreciation instrument. Interest on this Bond will accrue from the original issue date to December 1, 2022 (the “Accretion Period”), during which time interest accruing on this Bond will compound on each June 1 and December 1. Such interest shall constitute appreciated principal of this Bond and the final accreted principal amount of this bond will be $16,755,000 as of December 1, 2022. Interest payments on the Senior Bonds will be payable semi-annually on June 1 and December 1, beginning on December 1, 2022. Mandatory sinking fund principal payments are due annually on December 1, beginning on December 1, 2024. The Senior Bonds mature on December 1, 2049.

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); and
c) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Senior Bond Indenture of Trust defines the Maximum Senior Required 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 January 09, 2004. As of January 09, 2004, the ratio was 7.96%. The ratio for 2025 was 6.70%, which caused the Senior Required Mill Levy for debt service for 2025 to be 65.123 mills.

Amounts on deposit in the Senior Bond Fund and, prior to the Conversion Date, amounts on deposit in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of $1,513,060.

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 Surplus Fund at December 31, 2025 was $430,094.

The Senior Bonds may be redeemed by the District at any time prior to maturity, without redemption premium.

Outstanding bond principal and interest on the Series 2019A mature as follows:

	Principal & Accreted Interest	Interest	Total
2026	$ 355,000	$ 573,545	$ 928,545
2027	365,000	561,120	926,120
2028	400,000	548,345	948,345
2029	410,000	534,345	944,345
2030	445,000	519,995	964,995
2031 to 2035	2,590,000	2,350,425	4,940,425
2036 to 2040	3,360,000	1,845,550	5,205,550
2041 to 2045	4,255,000	1,197,000	5,452,000
2046 to 2049	4,206,996	376,530	4,583,526
Total	**$ 16,386,996**	**$ 8,506,855**	**$ 24,893,851**

The District's detail debt service schedule for its Series 2019A Bonds is provided on page 31.

These notes are an integral part of the accompanying financial statements.

Series 2019B Subordinate General Obligation Limited Tax Bonds (Subordinate Bonds)

On December 23, 2019, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2019B in the amount of $5,962,000. The stated interest rate on the Subordinate Bonds is 6.00% per annum, and the Bonds are payable annually on December 15, beginning December 15, 2020, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 16, 2059. 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, 2059, 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) the amounts, if any, in the Senior Bond Surplus Fund after the termination of such fund pursuant to the Series 2019A Senior Bond Indenture; and
d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds may be redeemed by the District at any time prior to maturity, without redemption premium.

Events of Default – Series 2019A and B Bonds

The following events are considered events of default under the respective 2019A and 2019B 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 2 (BNC2) 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 2025 was 6.70%, which caused the District's Maximum Mill Levy for debt service for 2025 to be 77.462.

As of December 31, 2025, 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)	$ -	$ -	($6,020,000)
Series 2005 Bonds	-	(5,000,000)	-	(5,000,000)
Series 2013A/B Bonds	(7,710,000)	-	-	(7,710,000)
Series 2017A/B Bonds	(11,981,000)	-	-	(11,981,000)
Series 2019A/B Bonds	-	(22,717,000)	-	(22,717,000)
Series 2022A/B Bonds	-	-	(17,540,000)	(17,540,000)
Series 2025C Bonds	-	-	(3,500,000)	(3,500,000)
Total debt issued	**(25,711,000)**	**(27,717,000)**	**(21,040,000)**	**(74,468,000)**
Refunding of debt	10,830,222	2,477,057	-	13,307,279
Total Issued Debt, net of refunding debt	**($ 14,880,778)**	**($ 25,239,943)**	**($ 21,040,000)**	**(61,160,721)**
Total Remaining Debt Authorized by Service Plan				**($1,160,721)**

The combined financing plan for the District, BNC1 and BNC3 which was included in the respective Districts' 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, 2025, BNC1 is fully built out, the District is partially built out and BNC3 is partially built out.

Debt Authorization – TABOR

As of December 31, 2025, 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 two 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, 2025:

2017 Tri-Party Facilities Acquisition and Reimbursement Agreement. On August 10, 2017, the District entered into a Facilities Acquisition and Reimbursement Agreement with CCC Note, LLC and Lennar Colorado, LLC (Lennar) pursuant to which the District agreed to reimburse CCC Note, LLC for up to a maximum of $25 million in construction costs incurred by both CCC Note, LLC and Lennar related to the installation of public improvements within the boundaries of the District (2017 Tri-Party Agreement). Per the 2017 Tri-Party Agreement, Lennar agreed to construct the public improvements and direct all District payments for such public infrastructure to CCC Note, LLC. The District agreed to reimburse CCC Note, LLC for such amounts, subject to annual appropriation by the District. The contingent obligations incurred under this 2017 Tri-Party Agreement accrue simple interest at 8% per annum. The 2017 Tri-Party Agreement will terminate upon the bankruptcy or dissolution of CCC Note, LLC.

2017 Facilities Funding & Acquisition Agreement. On October 24, 2017, the District entered into a Facilities Funding & Acquisition Agreement with CCC Note, LLC (2017 FFA Agreement) pursuant to which CCC Note, LLC agreed to construct public improvements within the boundaries of the District and the District agreed to acquire such public infrastructure at cost as certified by an independent engineer. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. The District agreed to reimburse CCC Note, LLC for such amounts, subject to annual appropriation by the District. The 2017 FFA Agreement will terminate upon the bankruptcy or dissolution of CCC Note, LLC.

For the year ended December 31, 2025, no reimbursable costs were incurred by nor owing to CCC Note, LLC under the 2017 FFA Agreement.

NOTE 7 – NET POSITION (DEFICIT)

Restricted Net Position

The District's restricted net position as of December 31, 2025 in the general fund, debt service fund, capital projects fund and SFA Subdistrict fund totaled $9,500, $64,218, $428,436 and $35,392, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 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, 2025 in the general fund, debt service fund, capital project fund and SFA Subdistrict fund totaled $8,932, $0, $0 and $0, respectively.

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled ($24,546,099). This deficit amount was a result of the District being responsible for the repayment of bonds issued for subsidizing public improvements conveyed to the City of Commerce City, South Adams County Water & Sanitation District and the District.

NOTE 8 – AGREEMENTS

Cost Sharing Agreement with BNC 1 and BNC3

On October 24, 2017, the District entered into an agreement with BNC Metropolitan District No. 1 (BNC1) 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 (2017 Cost Sharing Agreement). When this 2017 Cost Sharing Agreement 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 2017 Cost Sharing Agreement (and related estimated project costs per the 2017 Cost Sharing Agreement) are as follows;

	Location of Infrastructure	BNC1	District	BNC3	Total
Potomac Street Improvements (from E 108th Ave to 112th Ave)	BNC2	$ 464,166	$ 596,785	$ 265,238	$ 1,326,189
108th Avenue (from Turnberry Pkwy to Potomac St)	BNC2	604,678	769,590	-	1,374,268
Turnberry Parkway (from 108th 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 104th Avenue)	BNC3	1,116,906	1,116,906	3,350,718	5,584,530
Total Estimated Cost Allocation		**$4,414,765**	**$4,622,232**	**$3,615,957**	**$12,652,949**

As of December 31, 2025, 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
- Revere Street (South side of 104th Avenue) installation project – See Note 12 regarding litigation

BNC1'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, BNC1 and BNC3 amended the 2017 Cost Sharing Agreement 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 2019 bond proceeds) to BNC3. Any such funds not utilized by BNC3 will be returned to the District. When this 2017 Cost Sharing Agreement was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

Land Exclusion Agreement

On April 30, 2020 (5 days before the election of five independent directors to the District's Board), the District granted CCC Note, LLC's petition to exclude approximately 68.8 acres (including 67 undeveloped single family home Lots) from the District conditional upon CCC Note, LLC entering into and exclusion agreement ("Exclusion Agreement") with the District. In accordance with 32-1-503(1) CRS, the 68.8 acres of excluded land shall still be obligated to the same extent as all other property within the District with respect to and shall be subject to the levy of taxes for the payment of that proportion of the outstanding indebtedness of the District and interest thereon existing as of April 30, 2020.

The District and CCC Note, LLC entered into the Exclusion Agreement on April 30, 2020. Per the Exclusion Agreement,

- the owners of the 68.8 acres of land excluded from the District are subject to paying an "Annual Operations Fee" to the District. The Annual Operations Fee is calculated as equal to 14.472 mills multiplied by the County Assessor's most recent certified final assessed valuation of the excluded property. The Annual Operations Fee is due and payable to the District each year by April 15th. Until paid, the Annual Operations Fee will constitute a perpetual and prior lien of the District against the excluded property as set forth in Section 32-1-1001(1)(j), C.R.S.;

- the District agrees to not assess any fees of any kind on the excluded property (other than the Annual Operations Fee); and

- On or prior to the date that a Lot with a completed residential unit within the boundaries of the excluded property (each "Lot" and collectively the "Lots") is sold to a third party homebuyer after such residential unit is first completed, the owner of such Lot will ensure that the third-party homebuyer of such Lot will complete and deliver to the District a Petition for Inclusion concurrent with the closing of the sale of such Lot (each, an "Inclusion Petition" and collectively, "Inclusion Petitions") to have such Lot re-included within the boundaries of the District. Following the date any Lot is re-included into the boundaries of the District, such Lot will no longer be subject to paying an Annual Operations Fee to the District.

The District subsequently discovered the Exclusion Agreement was neither signed by the District Board (which was controlled by CCC Note, LLC) nor by CCC Note, LLC and never filed with the County Clerk & Recorder's Office against the 68.8 acres of land owned by CCC Note, LLC.

NOTE 9 – RELATED PARTIES

For the 12-month period ended December 31, 2025, all five directors serving on the District's Board reported no conflicts of interest or relationships with the Developers, BNC1 and BNC3. Two of the District's directors serve as directors on the three-director Turnberry Meadows Homeowners Association, Inc board.

For the 12-month period ended December 31, 2025, none of the directors serving on BNC Metropolitan District No. 1's (BNC1) board reported conflicts of interest regarding their service on the BNC1 board.

Prior to May 06, 2025, 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. Subsequent to May 06, 2025, none of the directors serving on BNC3's board reported conflicts of interest regarding their service on the BNC3 board.

As of December 31, 2025, active transactions and agreements between the District and the Developers were as follows:

- The District is a party to a 2017 Cost Sharing Agreement with BNC1 and BNC3 (See Note 8)
- The District is a party to the 2017 Tri-Party Facilities Acquisition and Reimbursement Agreement with Lennar and CCC Note, LLP (See Note 6)
- The District is party to a 2017 Facilities Funding & Acquisition Agreement with CCC Note, LLC (See Note 6)

CCC Note, LLC was the owner of the District 2005 General Obligation Bonds which were refunded on December 23, 2019. (See Note 5). The owner of the District's Series 2019A and Series 2019B Bonds is Catellus Acquisition Company, LLC – a company under common control with and related to CCC Note, LLC.

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 04, 2003, 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

Litigation between BNC Metro No 1 and BNC Metro No 2 (Plaintiffs) and BNC Metro No 3 (Defendant)

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 October 2024, District Court dismissed with prejudice (prohibiting 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 with 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.

BNC2's prayers for relief include, but are not limited to, return of funds transferred to BNC3 prior to the May 2020 board election ($694,556 transferred from the District) 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. The District is evaluating whether this action, and related actions that arose after May 1, 2023 constitute additional actionable claims.

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.

In August 2025, the BNC1 Board president demanded and threatened the District's Manager to transfer to BNC1 without District Board approval the $382,276 cash deposit that the District received from BNC3 on March 28, 2025.

In September 2025, the District became aware that certain BNC1 board members violated the Joint Defense and Common Interest Agreement entered into between the District and BNC1 on January 01, 2023 by holding multiple communications with certain defendants without notifying the District or joint litigation counsel for the District and BNC1.

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.

Litigation between UMB Bank as Trustee for the 2019 Bondholders (Plaintiff) and the District

On October 12, 2023, UMB Bank National Association – acting as the Trustee on behalf of the bondholders of the District's 2019 Bonds – filed a complaint in Adams County District Court against the District alleging the District has defaulted under the Series 2019 Bond Indentures of Trust. The District's Series 2019A and Series 2019B Bonds are owned by Catellus Acquisition Company, LLC – a company under common control with and related to CCC Note, LLC. All directors serving on the board of BNC3 (which BNC3 and the individuals directors are involved in separate litigation with the District, as described above) were qualified to serve on the BNC3 board through certain land purchase option contracts with CCC Note, LLC.

The 2019 Indenture of Trust states that Pledged Revenue (which is essentially comprised of tax revenues generated from the Required Debt Mill Levy) "net of any costs of collection" shall be remitted by the District to the Trustee (UMB Bank). UMB's complaint alleged that the phrase "net of any costs of collection" should be defined to only include the County Treasurer's collection fees. The District argued that "net of any costs of collection" included all costs incurred by the District related to the transfer of tax revenues from District taxpayers to bondholders. Such costs include preparing and filing annual audited financial statements with the State Auditors Office; preparing, approving and filing annual budgets, which reflect the required debt mill to be levied on District taxpayers; insurance premiums related to carrying the bonds; and annual bond trustee fees.

In December 2024, a jury ruled against the District. As a result of the court decision, the District has been ordered to remit $189,977 to the 2019 Bond Surplus Fund (representing funds that would have been remitted to the Surplus Fund had the District not netted other collection costs against Pledged Revenue) and pay approximately $160,000 to reimburse UMB for court costs and accrued interest on such costs. Such amounts must be funded from an additional 10-mills that will be levied on taxpayers beginning in 2026. The 2026 10-mill levy is estimated to generate $136,200 in additional revenue to fund the repayment of these amounts.

UMB funded its litigation fees – totaling $705,523 – from the District's Pledged Revenue that was accumulated in the 2019 Bond Surplus Fund.

NOTE 13 – SUBSEQUENT EVENTS

On March 19, 2026, BNC1 entered into a settlement agreement with BNC3 whereby (1) BNC1 agreed to pay BNC3 $354,912, (2) BNC1 agreed to release BNC3 from any amounts BNC3 may owe BNC1 under the 2017 Cost Share Agreement (which was $74,744 per BNC3's calculations) and (3) both parties agreed to dismiss all claims against each other, including claims for all legal fees incurred, related to the current litigation between these two parties. The District was not a party to this settlement agreement.

SUPPLEMENTARY INFORMATION

BNC Metropolitan District No 2
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 1,004,000	$ 1,003,993	$ (7)
Specific ownership taxes	49,200	49,409	209
Net investment income	32,500	23,269	(9,231)
Total Revenues	**1,085,700**	**1,076,671**	**(9,029)**
EXPENDITURES			
Debt management & compliance	22,100	94,431	(72,331)
Litigation fees	-	326,746	(326,746)
Cash payments on debt			
Interest payments - Series 2019A Bonds	609,200	582,575	26,625
Interest payments - Series 2019B Bonds	-	-	-
Principal payments – Series 2019A Bonds	243,900	270,000	(26,100)
Principal payments – Series 2019B Bonds	-	-	-
Total Expenditures	**875,200**	**1,273,752**	**(398,552)**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**210,500**	**(197,081)**	**(407,581)**
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	**210,500**	**(197,081)**	**(407,581)**
FUND BALANCE – BEGINNING	**812,900**	**261,299**	**(551,601)**
FUND BALANCE – END OF YEAR	**$ 1,023,400**	**$ 64,218**	**$ (959,182)**

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

BNC Metropolitan District No 2
DEBT SERVICE FUND
DEBT MANAGEMENT & COMPLIANCE EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DEBT MANAGEMENT & COMPLIANCE			
Collection fees – County Treasurer	$ 15,100	$ 15,063	$ 37
Debt management & compliance costs	-	-	-
Bond paying agent legal fees	-	65,368	(65,368)
Bond paying agent fees	7,000	14,000	(7,000)
Miscellaneous	-	-	-
Total Debt Management & Compliance Expenses	**$ 22,100**	**$ 94,431**	**$ (72,331)**

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

BNC Metropolitan District No 2
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	$ 600	$ 1,343	$ 743
Contribution from Turnberry Meadows HOA	-	-	-
Total Revenues	**600**	**1,343**	**743**
EXPENDITURES			
Capital projects			
Major capital projects	20,000	-	20,000
Total Expenditures	**20,000**	**-**	**20,000**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(19,400)**	**1,343**	**(20,743)**
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	20,000	15,000	5,000
Return of unused capital funds from BNC3	-	382,277	(382,277)
Total Other Financing Sources (Uses)	**20,000**	**397,277**	**(377,277)**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	**600**	**398,620**	**398,020**
FUND BALANCE – BEGINNING OF YEAR	**45,400**	**29,816**	**(15,584)**
FUND BALANCE – END OF YEAR	**$ 46,000**	**$ 428,436**	**$ 382,436**

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

BNC Metropolitan District No 2
SINGLE FAMILY ATTACHED SUBDISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
SFA Maintenance Fee ($100/Lot)	$ 70,560	$ 35,392	$ (35,168)
Net Investment Invomce	40	-	(40)
Total Revenues	**70,600**	**35,392**	**(35,208)**
EXPENDITURES			
General and administration	2,500	-	2,500
Landscape maintenance	31,800	-	31,800
Snow removal services	22,000	-	22,000
Total Expenditures	**56,300**	**-**	**56,300**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**14,300**	**35,392**	**(21,092)**
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(5,000)	-	(5,000)
Total Other Financing Sources (Uses)	**(5,000)**	**-**	**(5,000)**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	**9,300**	**35,392**	**26,092**
FUND BALANCE – BEGINNING OF YEAR	-	-	-
FUND BALANCE – END OF YEAR	**$ 9,300**	**$ 35,392**	**$ 26,092**

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

BNC Metropolitan District No 2
SINGLE FAMILY ATTACHED SUBDISTRICT
EXPENDITURE COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
Base Management Service Fees	$ 2,500	$ -	$ 2,500
Administrative costs	-	-	-
Insurance	-	-	-
Miscellaneous	-	-	-
Total General & Administrative Costs	**$ 2,500**	**$ -**	**$ 2,500**
LANDSCAPING MAINTENANCE			
Ground maintenance fees	$ 14,100	$ -	$ 14,100
Tree maintenance & replacement	-	-	-
Sprinkler repairs	4,000	-	4,000
Sprinklers – electricity	-	-	-
Landscape improvement projects	10,500	-	10,500
Property insurance	1,200	-	1,200
Miscellaneous landscape costs	2,000	-	2,000
Total Landscaping Maintenance	**$ 31,800**	**$ -**	**$ 31,800**

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

BNC METROPOLITAN DISTRICT NO. 2

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025

The District's repayment schedule for its Series 2019A general obligation bonds is as follows:

Year Ended December 31,	Principal	Accreted Interest	Interest	Total
2026	$ 320,583	$ 34,417	$ 573,545	928,545
2027	329,613	35,387	561,120	926,119
2028	361,220	38,780	548,345	948,345
2029	370,251	39,749	534,345	944,345
2030	401,857	43,143	519,995	964,995
2031	415,403	44,597	504,420	964,420
2032	447,010	47,990	488,320	983,320
2033	465,071	49,929	470,995	985,995
2034	496,678	53,322	452,970	1,002,970
2035	514,739	55,261	433,720	1,003,720
2036	550,861	59,139	413,770	1,023,770
2037	568,922	61,078	392,420	1,022,420
2038	609,559	65,441	370,370	1,045,370
2039	632,135	67,865	346,745	1,046,745
2040	672,772	72,228	322,245	1,067,245
2041	695,349	74,651	296,170	1,066,171
2042	735,986	79,014	269,220	1,084,220
2043	763,077	81,923	240,695	1,085,695
2044	808,230	86,770	211,120	1,106,120
2045	839,837	90,163	179,795	1,109,795
2046	889,504	95,496	147,245	1,132,245
2047	921,111	98,889	112,770	1,132,770
2048	970,779	104,221	77,070	1,152,070
2049	1,006,896	120,100	39,445	1,166,441
Total	$ 14,787,443	$1,599,553	$ 8,506,855	$ 24,893,851

The original face value of these bonds totaled $15,130,608. 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 2019B 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. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2025

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	$ 1,799,750	14.372	55.277	$ 125,351	$ 125,351	100.0%
2020	3,623,420	14.472	55.663	254,128	257,545	101.3%
2021	5,126,750	19.175	55.664	383,700	383,363	99.9%
2022 (Operations)	6,939,780	21.081	-	146,300	145,700	99.6%
2022 (Bond)	8,491,600	-	55.664	472,600	473,274	100.1%
2023 (Operations)	8,203,370	23.857	-	195,700	195,715	100.0%
2023 (Bond)	9,813,610	-	57.266	562,000	562,040	100.0%
2024 (Operations)	10,047,740	23.319	-	234,300	236,834	101.1%
2024 (Bond)	12,781,250	-	59.403	759,200	765,691	100.9%
2025 (Operations)	12,998,720	18.025	-	234,300	234,312	100.1%
2025 (Bond)	15,416,290	-	65.123	1,004,000	1,003,993	100.0%
2026 (Operations)	13,003,810	18.025	10.000	364,400	[TBD]	[TBD]
2026 (Bond)	15,951,740	-	62.457	996,300	[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. 2

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
BNC Metropolitan District No. 2	83.148	90.482	7.334
Brighton School District No. 27J	56.644	56.290	(0.354)
Commerce City North Infrastructure General Improvement District	8.000	8.000	0.000
Adams County	26.944	27.479	0.535
South Adams Fire District No. 4	14.750	14.750	0.000
Rangeview Library District	3.667	3.715	0.048
City of Commerce City	2.700	2.613	(0.087)
South Adams County Water and Sanitation District	2.013	2.265	0.252
Urban Drainage and Flood Control	0.900	0.900	0.000
Urban Drainage and Flood Control – South Platte	0.100	0.100	0.000
Total Mill Levy	**198.866**	**206.594**	**7.728**

* -- For property tax collections in 2025

** -- For property tax collections in 2026

BNC METROPOLITAN DISTRICT NO. 2

HISTORICAL DEBT RATIOS

December 31, 2025

	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
General Obligation Bonds	$ 21,092,603	$ 21,092,603	$ 21,092,603	$ 20,982,603	$ 22,348,996
Accrued, unpaid interest - Bonds	1,835,086	2,804,269	3,210,880	3,641,146	2,555,394
Restricted cash reserves	(372,849)	(837,276)	(858,370)	(258,444)	(442,839)
Combined assessed property values within the District	8,491,600	9,813,610	12,781,250	15,416,290	15,951,740
Ratio of debt to assessed property values	265.6%	235.0%	183.4%	158.0%	153.3%