BNC METROPOLITAN DISTRICT NO. 3
Adams County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

BNC METROPOLITAN DISTRICT NO. 3
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Independent Auditors' Report

Members of the Board of Directors
BNC Metropolitan District No. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of BNC Metropolitan District No. 3, 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 BNC Metropolitan District No. 3, as of December 31, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BNC Metropolitan District No. 3 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 BNC Metropolitan District No. 3'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.

Auditors' 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 auditors' report that includes our opinion. 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.

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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 BNC Metropolitan District No. 3'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 BNC Metropolitan District No. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BNC Metropolitan District No. 3's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Littleton, Colorado
September 25, 2026

BASIC FINANCIAL STATEMENTS

BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 28,858
Cash and Investments - Restricted	12,158
Accounts Receivable	37,321
Receivable from County Treasurer	854
Prepaid Expenses	3,337
Property Tax Receivable	308,340
Capital Assets, Not Being Depreciated	21,664,103
Total Assets	22,054,971
LIABILITIES	
Accounts Payable	89,160
Landscape Deposit	20,580
Noncurrent Liabilities:	
Due Within One Year	180,000
Due in More Than One Year	21,395,207
Total Liabilities	21,684,947
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	308,340
Total Deferred Inflows of Resources	308,340
NET POSITION	
Restricted For:	
Emergency Reserves	1,400
Unrestricted	60,284
Total Net Position	$ 61,684

See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position: Governmental Activities
Governmental Activities:					
General Government	$ 1,190,656	$ -	$ -	$ -	$ (1,190,656)
Interest and Related Costs on Long-Term Debt	974,297	-	-	-	(974,297)
Total Governmental Activities	$ 2,164,953	$ -	$ -	$ -	(2,164,953)
GENERAL REVENUES					
Property Taxes					233,687
Specific Ownership Taxes					10,916
Interest Income					11,751
Total General Revenues					256,354
CHANGE IN NET POSITION					(1,908,599)
Net Position - Beginning of Year					1,970,283
NET POSITION - END OF YEAR					$ 61,684

See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 28,858	$ -	$ -	$ 28,858
Cash and Investments - Restricted	1,400	10,758	-	12,158
Accounts Receivable	37,321	-	-	37,321
Receivable from County Treasurer	161	693	-	854
Prepaid Expenses	3,337	-	-	3,337
Property Tax Receivable	67,579	240,761	-	308,340
Total Assets	$ 138,656	$ 252,212	$ -	$ 390,868
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 89,160	$ -	$ -	$ 89,160
Landscape Deposit	20,580	-	-	20,580
Total Liabilities	109,740	-	-	109,740
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	67,579	240,761	-	308,340
Total Deferred Inflows of Resources	67,579	240,761	-	308,340
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	3,337	-	-	3,337
Restricted for:				
Emergency Reserves	1,400	-	-	1,400
Debt Service	-	11,451	-	11,451
Unassigned	(43,400)	-	-	(43,400)
Total Fund Balances	(38,663)	11,451	-	(27,212)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 138,656	$ 252,212	$ -	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital Assets, Not Being Depreciated	21,664,103
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	(20,229,000)
Bond Interest Payable	(1,346,207)
Net Position of Governmental Activities	$ 61,684

See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 43,979	$ 189,708	$ -	$ 233,687
Specific Ownership Taxes	2,054	8,862	-	10,916
Interest Income	40	1,234	10,477	11,751
Total Revenues	46,073	199,804	10,477	256,354
EXPENDITURES				
General, Administrative, and Operations:				
Accounting	28,567	-	-	28,567
Auditing	7,300	-	-	7,300
Bond Issue Costs	-	-	113,900	113,900
County Treasurer's Fees	660	2,848	-	3,508
Directors' Fees	1,300	-	-	1,300
Dues and Licenses	531	-	-	531
Insurance and Bonds	4,023	-	-	4,023
Intergovernmental Expenditures	-	-	764,554	764,554
District Management	37,368	-	-	37,368
Election	4,434	-	-	4,434
Legal	55,928	-	-	55,928
Legal - Special Counsel	117,489	-	-	117,489
Miscellaneous	530	-	-	530
Landscaping	30,390	-	-	30,390
Repairs and Maintenance	3,103	-	-	3,103
Water	19,736	-	-	19,736
Electricity	843	-	-	843
Debt Service:				
Bond Interest	-	210,153	-	210,153
Paying Agent Fees	-	7,000	-	7,000
Total Expenditures	312,202	220,001	878,454	1,410,657
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(266,129)	(20,197)	(867,977)	(1,154,303)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	2,689,000	2,689,000
Repay Developer Advance Principal and Interest	(592,210)	-	(1,745,170)	(2,337,380)
Transfers From (To) Other Funds	858,300	9,873	(868,173)	-
Total Other Financing Sources (Uses)	266,090	9,873	75,657	351,620
NET CHANGE IN FUND BALANCES	(39)	(10,324)	(792,320)	(802,683)
Fund Balances (Deficits) - Beginning of Year	(38,624)	21,775	792,320	775,471
FUND BALANCES (DEFICITS) - END OF YEAR	$ (38,663)	$ 11,451	$ -	$ (27,212)

See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$ (802,683)
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Bond Issuance Proceeds	(2,689,000)
Repay Developer Advance Principal	2,036,509
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Bonds - Change in Liability	(697,311)
Accrued Interest on Developer Advances - Change in Liability	243,886
Change in Net Position of Governmental Activities	$ (1,908,599)

See accompanying Notes to Basic Financial Statements.

BNC METROPOLITAN DISTRICT NO. 3
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 44,119	$ 43,980	$ 43,979	$ (1)
Specific Ownership Taxes	2,647	1,913	2,054	141
Interest Income	100	18	40	22
Total Revenues	46,866	45,911	46,073	162
EXPENDITURES				
General and Administrative:				
Accounting	20,000	25,000	28,567	(3,567)
Auditing	8,000	7,300	7,300	-
Contingency	1,538	2,457	-	2,457
County Treasurer's Fees	662	660	660	-
Directors' Fees	200	1,000	1,300	(300)
Dues and Licenses	500	531	531	-
Insurance and Bonds	5,000	2,908	4,023	(1,115)
District Management	18,000	50,000	37,368	12,632
Election	5,000	4,434	4,434	-
Legal	25,000	88,000	55,928	32,072
Legal - Special Counsel	15,000	136,000	117,489	18,511
Miscellaneous	1,000	500	530	(30)
Operations and Maintenance:				
Landscaping	30,000	33,000	30,390	2,610
Repairs and Maintenance	1,000	1,000	3,103	(2,103)
Pest Control	1,000	-	-	-
Pet Waste Service	1,500	-	-	-
Snow Removal	6,000	3,000	-	3,000
Water	11,400	16,000	19,736	(3,736)
Electricity	1,200	1,000	843	157
Storm Drainage Maintenance	3,000	-	-	-
Total Expenditures	155,000	372,790	312,202	60,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,134)	(326,879)	(266,129)	60,750
OTHER FINANCING SOURCES (USES)				
Developer Advance	109,100	332,700	-	(332,700)
Repay Developer Advance Principal and Interest	-	(592,210)	(592,210)	-
Transfers From Other Funds	-	626,476	858,300	231,824
Total Other Financing Sources (Uses)	109,100	366,966	266,090	(100,876)
NET CHANGE IN FUND BALANCE	966	40,087	(39)	(40,126)
Fund Balance (Deficit) - Beginning of Year	586	(39,581)	(38,624)	957
FUND BALANCE (DEFICIT) - END OF YEAR	$ 1,552	$ 506	$ (38,663)	$ (39,169)

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

BNC Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by an order and decree of the District Court for Adams County, Colorado issued on January 8, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Commerce City on September 15, 2003. The District is located in Commerce City, Adams County, Colorado.

The District was established to provide financing for the acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes and operations fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

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 as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficit

The General Fund reported a deficit in the fund financial statements as of December 31, 2025. The deficit will be eliminated with the receipt of Developer advances in 2026.

Adoption of New Accounting Standards

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

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments	$	28,858
Cash and Investments - Restricted		12,158
Total Cash and Investments	$	41,016

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

Deposits with Financial Institutions	$	2,719
Investments		38,297
Total Cash and Investments	$	41,016

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank and carrying balance of $2,719.

Investments

The District has an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	$ 28,370
Morgan Stanley Institutional Liquidity Funds	Weighted-Average Under 60 Days	9,927
Total		$ 38,297

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at $1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Morgan Stanley Institutional Liquidity Funds

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Liquidity Funds' Treasury Securities Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley Investment Management and each share is equal in value to $1.00. The fund is AAAm rated and invests exclusively in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

The fund records its investments at amortized cost and the District records its investments in the fund at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2024	Increases	Decreases	Balance - December 31, 2025
Capital Assets, Not Being Depreciated:				
Landscape Improvements	$ 18,709	$ -	$ -	$ 18,709
Construction in Progress	21,645,394	-	-	21,645,394
Capital Assets, Net	$ 21,664,103	$ -	$ -	$ 21,664,103

Upon completion and acceptance, certain assets will be conveyed to other local governments.

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2024	Additions	Retirements	Balance - December 31, 2025	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2022A	$ 12,750,000	$ -	$ -	$ 12,750,000	$ 180,000
Series 2022B	4,790,000	-	-	4,790,000	-
Series 2025C	-	2,689,000	-	2,689,000	-
Accrued Interest on:					
Series 2022A	-	347,899	-	347,899	-
Series 2022B	606,396	323,784	-	930,180	-
Series 2025C	-	68,128	-	68,128	-
Developer Advances:					
Operations	389,641	-	389,641	-	-
Capital	1,646,868	-	1,646,868	-	-
Accrued Interest on Developer Advances:					
Operations	191,667	10,902	202,569	-	-
Capital	52,219	46,083	98,302	-	-
Total	$ 20,426,791	$ 3,485,796	$ 2,337,380	$ 21,575,207	$ 180,000

General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds, Series 2022A (the Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2022B(3)** (the Subordinate Bonds and together with the Senior Bonds, the Bonds).

The District issued the Bonds on December 29, 2022, in the original principal amount of $11,815,297.50 and appreciating to a principal amount of $12,750,000 for the Senior Bonds and $4,790,000 for the Subordinate Bonds.

Proceeds of the Bonds

Proceeds from the sale of the Bonds were used to pay (a) the Project Costs (as defined in the Senior and Subordinate Indentures), including amounts due under the FFAA (defined and described in Note 6) and (b) other costs incurred in connection with the issuance of the Bonds.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption

The 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, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption	Redemption Premium
December 1, 2027, through November 30, 2028	3.00%
December 1, 2028, through November 30, 2029	2.00
December 1, 2029, through November 30, 2030	1.00
December 1, 2030, and thereafter	0.00

Senior Bonds Details

The Senior Bonds were issued as capital appreciation bonds, convertible to current interest bonds. The Senior Bonds accrete in value at an annual yield equal to 4.0% from their date of issuance to December 1, 2024. The accreted amount compounds semi-annually on June 1 and December 1, beginning on June 1, 2023, to and including December 1, 2024. Such accreted amount, together with the original principal amount of the Senior Bonds, at conversion on December 1, 2024, will be $12,750,000.

Upon conversion to current interest bonds, the Senior Bonds will bear interest at 4.0% per annum, payable semi-annually to the extent of Senior Pledged Revenue on June 1 and December 1, commencing on June 1, 2025. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2025. The Senior Bonds mature on December 1, 2052.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 2, 2062. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Senior Bond.

The Senior Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2062, regardless of the amount of principal and interest amounts remaining unpaid.

The Senior Bonds are subject to mandatory redemption provisions as described in the Senior Indenture.

No assets have been pledged as collateral on the Senior Bonds.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the Senior Required Mill Levy (defined below), or to apply the Senior Pledged Revenue (defined below) as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

Acceleration of the Senior Bonds shall not be an available remedy for an Event of Default.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, consisting of the moneys derived by the District from (1) the Senior Required Mill Levy; (2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue (the Senior Pledged Revenue).

Senior Required Mill Levy

The Senior Required Mill Levy, prior to the Conversion Date (defined below), is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds as they come due, but (i) not in excess of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after August 21, 2000), and (ii) for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills (as adjusted), or such lesser mill levy which will pay the Senior Bonds as they come due and will fund the Senior Surplus Fund (defined below) up to the Maximum Surplus Amount (defined below) (the Senior Required Mill Levy).

After the Conversion Date, the Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds when due, without limitation of rate.

The Conversion Date is the first date on which the Debt to Assessed Ratio is 50% or less and no amounts of principal or interest on the Senior Bonds are due but unpaid (the Conversion Date).

Senior Surplus Fund

The Senior Bonds are additionally secured by amounts in the Senior Surplus Fund. 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 (the Senior Surplus Fund), up to the Maximum Surplus Amount of $1,181,530 (the Maximum Surplus Amount). After the Conversion Date, the Senior Surplus Fund shall be terminated, and moneys therein remitted to the District for application to any lawful purpose of the District.

Details of the Subordinate Bonds

The Subordinate Bonds bear interest at 6.0% per annum, payable annually to the extent of Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2023. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to maturity on December 15, 2052.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the Subordinate Bonds (Continued)

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 16, 2062. To the extent interest on any Subordinate Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Subordinate Bond.

The Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 16, 2062, regardless of the amount of principal and interest amounts remaining unpaid.

The Subordinate Bonds are subject to mandatory redemption provisions as described in the Subordinate Indenture. No assets have been pledged as collateral on the Subordinate Bonds.

Events of Default of the Subordinate Bonds

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

Acceleration of the Subordinate Bonds shall not be an available remedy for an Event of Default.

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, consisting of the moneys derived by the District from (1) the Subordinate Required Mill Levy (defined below); (2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy (defined below); and (3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue (the Subordinate Pledged Revenue).

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after August 21, 2000) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all or the principal and interest of the Bonds in full. If the amount of the Senior Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity Schedule

The accreted amount of the District's Senior Bonds, after conversion, will mature as follows:

	Series 2022A		
Year Ending December 31,	Principal	Interest	Total
2026	$ 180,000	$ 510,000	$ 690,000
2027	200,000	502,800	702,800
2028	225,000	494,800	719,800
2029	230,000	485,800	715,800
2030	255,000	476,600	731,600
2031-2035	1,535,000	2,217,200	3,752,200
2036-2040	2,090,000	1,867,200	3,957,200
2041-2045	2,750,000	1,398,600	4,148,600
2046-2050	3,585,000	784,600	4,369,600
2051-2052	1,700,000	103,000	1,803,000
Total	$ 12,750,000	$ 8,840,600	$ 21,590,600

Due to the cash flow nature of the Subordinate Bonds that are payable only to the extent of Subordinate Pledged Revenue available, principal and interest payments on the Subordinate Bonds cannot be predicted with certainty and are not presented in the maturity schedule.

On February 5, 2025, the District entered into Amended and Restated Indentures of Trust for the Bonds. The Amended and Restated Indentures of Trust added certain covenants of the District to each of the Indentures pertaining to reporting, restrictions on use of Pledged Revenues, and remedies in the event of a failure to apply Pledged Revenues as required by the Indentures.

Second Subordinate Taxable General Obligation Limited Tax Refunding Bonds, Series 2025C (the Second Subordinate Bonds)

The District issued the Second Subordinate Bonds on May 6, 2025 in the total aggregate principal amount of up to $2,750,000 (first draw $2,689,000).

Proceeds of the Second Subordinate Bonds

Proceeds from the sale of the Second Subordinate Bonds were and will be used for the purpose of refunding or refinancing amounts due and outstanding of the District in accordance with the 2004-2009 OFA, 2017-2018 OFA, 2019-2021 OFA, and FFAA (defined in Note 8), and including but not limited to the cost of issuance of the Second Subordinate Bonds in an aggregate amount not to exceed $2,750,000, the maximum principal amount of the Second Subordinate Bonds to be issued.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Second Subordinate Bonds Details

The Second Subordinate Bonds bear interest at 3.785% per annum, payable to the extent Second Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2025. The Second Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to maturity on December 15, 2057.

To the extent principal of any Second Subordinate Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 16, 2062. To the extent interest on any Second Subordinate Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Subordinate Bond.

The Second Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 16, 2062, regardless of the amount of principal and interest amounts remaining unpaid.

The Second Subordinate Bonds may be subject to acceleration pursuant to mandatory redemption provisions as described in the Second Subordinate Indenture. No assets have been pledged as collateral on the Second Subordinate Bonds.

Events of Default of the Second Subordinate Bonds

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

Acceleration of the Second Subordinate Bonds shall not be an available remedy for an Event of Default.

Second Subordinate Pledged Revenue

The Second Subordinate Bonds are secured by and payable solely from and to the extent of Second Subordinate Pledged Revenue, consisting of the moneys derived by the District from (1) the Second Subordinate Required Mill Levy (defined below); (2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Second Subordinate Required Mill Levy (defined below); and (3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Second Subordinate Pledged Revenue (the Second Subordinate Pledged Revenue).

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Required Mill Levy

The Second Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after August 21, 2000) less the amount of the Senior Bond Mill Levy and Subordinate Bond Mill Levy, or such lesser mill levy which will fund the Second Subordinate Bond Fund in an amount sufficient to pay all or the principal and interest of the Second Subordinate Bonds in full. If the amount of the Senior Bond Mill Levy and Subordinate Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes aforesaid, the Second Subordinate Required Mill Levy for that year shall be zero.

Debt Authorization Limit

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $60,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

The District's voters have authorized the District to issue Debt in accordance with the Service Plan Debt Issuance Limit. The amount of debt authorization remaining within the Service Plan Debt Issuance Limit is $42,460,000. In the future, the District may issue a portion or all of the remaining Service Plan Debt Issuance Limit for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 AGREEMENTS

Cost Sharing Intergovernmental Agreement

The District entered into a Cost Sharing Intergovernmental Agreement with BNC Metropolitan District No. 1 and BNC Metropolitan District No. 2 on October 24, 2017, as amended on December 23, 2019 (the IGA). Pursuant to the IGA, the District shall be the Constructing District. BNC Metropolitan District Nos. 1 and 2 are to transfer to the District the amounts necessary for the District to complete the remaining public improvements. In the event that the District does not utilize the funds provided by BNC Metropolitan District No. 1 or 2 on or before December 31, 2022, the District shall return such funds and BNC Metropolitan District No. 1 or 2 shall be entitled to complete the remaining public improvements as described in more detail therein.

In 2025, the District returned $764,554 to District Nos. 1 and 2 pursuant to the Cost Sharing Intergovernmental Agreement.

NOTE 7 NET POSITION

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

The District had a restricted net position of $1,400 for emergencies.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is Catellus CC Note, LLC.

Operation Funding Agreements

The District entered into a series of Operations Funding Agreements with 104th Avenue Investment Partners LLC (the Original Developer) for fiscal years 2004 – 2009 (the 2004-2009 OFA) whereby the Original Developer agreed to advance various amounts to the District for the operations and maintenance expenses of the District with an interest rate of 8.00%.

The District entered into an Operation Funding Agreement with Catellus CC Note, LLC (the Developer) on October 24, 2017, with an effective date of January 1, 2017 (the 2017-2018 OFA). Pursuant to the 2017-2018 OFA, which was consented to by the Original Developer, the Developer agreed to advance funds to the District for the operations and maintenance expenses of the District for fiscal years 2017 through 2018, not to exceed a total of $75,000 and with an interest rate of 8.00%.

The District entered into an Operation Funding Agreement with the Developer on October 21, 2020, with an effective date of January 1, 2019, as amended on November 18, 2021, December 5, 2022, December 4, 2023, and October 15, 2024 (the 2019-2021 OFA). Pursuant to the 2019-2021 OFA, the Developer will provide advances to the District for operations and maintenance for fiscal years 2019 through 2025 not to exceed a total of $400,000. The advances will bear an interest rate of 8.00%.

There are no amounts due as of December 31, 2025, under the 2004-2009 OFA, 2017-2018 OFA, and 2019-2021 OFA.

Facilities Funding and Acquisition Agreement

The District entered into a Facilities Funding and Acquisition Agreement with the Developer on October 24, 2017, as amended by that certain Amended and Restated Facilities Funding and Acquisition Agreement on October 21, 2020, with an effective date of October 24, 2017 (the FFAA). Pursuant to the FFAA, the Developer will provide advances to the District to finance public improvement costs verified by an independent engineer. The advances will bear an interest rate of 8.00%.

There are no amounts due as of December 31, 2025, under the FFAA.

NOTE 8 RELATED PARTIES (CONTINUED)

Reimbursement Agreement with Catellus CC Note, LLC and AMH Development, LLC

The District entered into a Reimbursement Agreement with Developer and AMH Development, LLC (AMH Builder) on June 23, 2021 pertaining to property located within the boundaries of the District. Pursuant to this agreement, AMH Builder will construct or cause the construction of certain public improvements, including street, park and recreation, water, sanitary and storm drainage, and television relay and translation improvements (Permissible Improvements) which benefit property within the District's boundaries and/or service area.

AMH Builder will construct the Permissible Improvements at its own expense and, pursuant to the June 4, 2021 Purchase and Sale Agreement by and between the Developer and AMH Builder, now directs the District to reimburse the Developer for costs incurred by AMH Builder for design, testing, engineering, and construction of the improvements. Subject to the receipt of funding, the District agrees to reimburse the Developer for Certified Construction Costs (defined therein) up to a maximum amount of $60,000,000 together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by AMH Builder. Simple interest shall accrue on amounts reimbursable to the Developer under this agreement, until paid, at a rate of 8.00% per annum.

Reimbursement Agreement with Catellus CC Note, LLC and Century Land Holdings, LLC

The District entered into a Reimbursement Agreement with the Developer and Century Land Holdings, LLC (Century Builder) on June 24, 2021 pertaining to property located within the boundaries of the District. Pursuant to this agreement, Century Builder will construct or cause the construction of Permissible Improvements which benefit property within the District's boundaries and/or service area. Century Builder will construct the Permissible Improvements at its own expense and, pursuant to the December 23, 2020 Purchase and Sale Agreement by and between the Developer and Century Builder, now directs the District to reimburse the Developer for costs incurred by Century Builder for design, testing, engineering, and construction of the improvements. Subject to the receipt of funding, the District agrees to reimburse the Developer for Certified Construction Costs (defined therein) up to a maximum amount of $60,000,000 together with interest thereon. Certified Construction Costs shall accrue interest from the date such costs are incurred by AMH Builder. Simple interest shall accrue on amounts reimbursable to the Developer under this agreement, until paid, at a rate of 8.00% per annum.

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

NOTE 9 RISK MANAGEMENT (CONTINUED)

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

NOTE 10 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 4, 2003, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating property revenue is limited to a 5.25% increase (or 10.50% over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

BNC METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 190,310	$ 189,707	$ 189,708	$ 1
Specific Ownership Taxes	11,419	8,256	8,862	606
Interest Income	500	1,500	1,234	(266)
Total Revenues	202,229	199,463	199,804	341
EXPENDITURES				
Bond Interest	214,000	219,000	210,153	8,847
Contingency	343	-	-	-
County Treasurer's Fees	2,855	2,846	2,848	(2)
Paying Agent Fees	7,000	7,000	7,000	-
Total Expenditures	224,198	228,846	220,001	8,845
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,969)	(29,383)	(20,197)	9,186
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	-	9,500	9,873	373
Total Other Financing Sources (Uses)	-	9,500	9,873	373
NET CHANGE IN FUND BALANCE	(21,969)	(19,883)	(10,324)	9,559
Fund Balance - Beginning of Year	21,969	21,775	21,775	-
FUND BALANCE - END OF YEAR	$ -	$ 1,892	$ 11,451	$ 9,559

BNC METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest Income	$ -	$ -	$ 10,477	$ 10,477
Total Revenues	-	-	10,477	10,477
EXPENDITURES				
Bond Issue Costs	-	530,000	113,900	416,100
Intergovernmental Expenditures	-	-	764,554	(764,554)
Total Expenditures	-	530,000	878,454	(348,454)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(530,000)	(867,977)	(337,977)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	3,500,000	2,689,000	(811,000)
Repay Developer Advance Principal and Interest	-	(2,300,000)	(1,745,170)	554,830
Transfers To Other Funds	-	(670,000)	(868,173)	(198,173)
Total Other Financing Sources (Uses)	-	530,000	75,657	(454,343)
NET CHANGE IN FUND BALANCE	-	-	(792,320)	(792,320)
Fund Balance - Beginning of Year	-	-	792,320	792,320
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

BNC METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2025

$11,815,297.50 (Value at Issuance)
$12,750,000 (Value at Conversion Date)
General Obligation Limited Tax
Convertible Capital Appreciation Bonds
Series 2022A
Dated December 29, 2022
Interest Rate 4.00%
Principal Due December 1
Interest Payable June 1 and December 1

Year Ending December 31,	Value at Issuance $11,815,297.50	Accreted Value $12,750,000.00	Principal	Interest	Total
2026			$ 180,000	$ 510,000	$ 690,000
2027			200,000	502,800	702,800
2028			225,000	494,800	719,800
2029			230,000	485,800	715,800
2030			255,000	476,600	731,600
2031			265,000	466,400	731,400
2032			290,000	455,800	745,800
2033			305,000	444,200	749,200
2034			330,000	432,000	762,000
2035			345,000	418,800	763,800
2036			375,000	405,000	780,000
2037			390,000	390,000	780,000
2038			420,000	374,400	794,400
2039			435,000	357,600	792,600
2040			470,000	340,200	810,200
2041			490,000	321,400	811,400
2042			525,000	301,800	826,800
2043			545,000	280,800	825,800
2044			585,000	259,000	844,000
2045			605,000	235,600	840,600
2046			650,000	211,400	861,400
2047			675,000	185,400	860,400
2048			720,000	158,400	878,400
2049			745,000	129,600	874,600
2050			795,000	99,800	894,800
2051			825,000	68,000	893,000
2052			875,000	35,000	910,000
Total			$ 12,750,000	$ 8,840,600	$ 21,590,600

BNC METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2021	$ 39,150	70.135	0.000	$ 2,746	$ 2,677	97.49 %
2022	553,550	70.135	0.000	38,823	38,895	100.18
2023	71,070	70.135	0.000	4,984	4,984	100.00
2024	534,920	18.148	51.987	37,517	37,517	100.00
2025	2,431,080	18.148	78.282	234,429	233,687	99.68
Estimated for the Year Ending December 31, 2026	$ 3,169,290	21.323	75.967	$ 308,340		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.