

LENA GULCH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

December 31, 2025

LENA GULCH METROPOLITAN DISTRICT

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lena Gulch Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Lena Gulch Metropolitan District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Lena Gulch Metropolitan 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, the business-type activities and each major fund of Lena Gulch Metropolitan District as of December 31, 2025, and the respective changes in financial position, and where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lena Gulch Metropolitan 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 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 Lena Gulch Metropolitan 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 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, including omissions, 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 of 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 Lena Gulch Metropolitan 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 Lena Gulch Metropolitan 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lena Gulch Metropolitan District's financial statements as a whole. The other supplemental information which includes the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Enterprise Fund, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.



Fort Collins, Colorado
June 26, 2026

LENA GULCH METROPOLITAN DISTRICT

Management's Discussion and Analysis – 2025

The discussion and analysis of Lena Gulch Metropolitan District's ("the District") financial performance provides an overview and analysis of the District's financial activities for the year December 31, 2025. This discussion and analysis includes comparative analysis of government-wide data for years ended December 31, 2025 and 2024 when available.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes additional information in this report to supplement the basic financial statements. Comparative data is presented when available.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors such as diversification of taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the District's net position changed during the calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The function of the District's governmental activities is to provide water, streets, traffic and safety controls, fire protection, television relay, transportation, parks and recreation improvements, sanitation and pest control and other related improvements to all present and future residents within the Metropolitan Districts of Lena Gulch (District) and Denver West (Denver West). The function of the District's business-type activities is to provide fiber optic cable distribution to all present and future residents within the Metropolitan Districts of Lena Gulch (District) and Denver West (Denver West).

Lena Gulch Metropolitan District was formed in 1998 to work in conjunction with Denver West Metropolitan District to provide more efficient administration of services necessary to support the growth in the Denver West area. Each District has the power to provide water, streets, traffic and safety controls, fire protection, television relay, transportation, parks and recreation improvements, sanitation and pest control and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries.

Lena Gulch is intended to serve as the "service district" while Denver West is intended to serve as the "financing district." Each District has a board of directors elected by property owners in each District. Lena Gulch Metro District electorate is comprised of property owners within Lena Gulch Metro District.

The government-wide financial statements and the fund financial statements can be found within this report.

LENA GULCH METROPOLITAN DISTRICT

Management's Discussion and Analysis – 2025

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the District's funds are classified as major and are separately reported. The District maintains one governmental fund, the *General Fund*, and one proprietary fund, the *Enterprise Fund*.

Governmental Funds

Governmental funds encompass essentially all the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements report on near-term fiscal accountability focusing on inflows and outflows of expendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements and the financial statement users will have a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the leasing of its fiber optic cable. The District currently doesn't maintain an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the fiber optic cable operations of the District.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the General Fund and Enterprise Fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The accompanying notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financials can be found within this report.

Government-wide Financial Analysis

The net position may serve, over time, as a useful indicator of a District's financial position. As of December 31, 2025 the District's assets exceed its liabilities by \$2,294,782. The major assets of the District are composed of cash and cash equivalents, a fiber optic cable network, and land purchased for rights-of way.

LENA GULCH METROPOLITAN DISTRICT

Management's Discussion and Analysis – 2025

Financial Efforts of 2025

The following tables shows a condensed version of assets, liabilities, deferred inflows of resources, net position, revenues, expenses, and transfers for years ended December 31st. Certain reclassifications of prior year information have been restated to conform to the current year presentation.

Summary of Net Position as of December 31st:

	Governmental Activities				Business-Type Activities			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
Assets								
Current assets	\$ 1,091,493	\$ 2,509,137	\$ (1,417,644)	-56.5%	\$ 222,124	\$ 126,261	\$ 95,863	75.9%
Capital assets, net	667,300	667,300	-	0.0%	441,577	514,991	(73,414)	-14.3%
Total Assets & Deferred Outflows	1,758,793	3,176,437	(1,417,644)	-44.6%	663,701	641,252	22,449	3.5%
Liabilities								
Current liabilities	125,685	124,837	848	0.7%	38	12	26	216.7%
Deferred inflows of resources	-	-	-	0.0%	1,989	2,464	(475)	-19.3%
Total Liabilities & Deferred Inflows	125,685	124,837	848	0.7%	2,027	2,476	(449)	-18.1%
Net Position								
Net Investment in Capital Assets	667,300	667,300	-	0.0%	441,577	514,991	(73,414)	-14.3%
Restricted for Emergencies	46,581	36,867	9,714	26.3%	-	-	-	0.0%
Unrestricted	919,227	2,347,433	(1,428,206)	-60.8%	220,097	123,785	96,312	77.8%
Total Net Position	<u>\$ 1,633,108</u>	<u>\$ 3,051,600</u>	<u>\$ (1,418,492)</u>	<u>-46.5%</u>	<u>\$ 661,674</u>	<u>\$ 638,776</u>	<u>\$ 22,898</u>	<u>3.6%</u>

Summary of Changes in Net Position for years ended December 31st:

	Governmental Activities				Business-Type Activities			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
Revenues								
Program Revenue								
Conduit lease revenue	\$ -	\$ -	\$ -	0.0%	\$ 215,618	\$ 232,752	\$ (17,134)	-7.4%
General Revenues								
Other	1,000	-	1,000	100.0%	-	-	-	0.0%
Interest	4,140	5,104	(964)	-18.9%	-	-	-	0.0%
Total Revenues	5,140	5,104	36	0.7%	215,618	232,752	(17,134)	-7.4%
Expenses								
General government	1,552,698	1,228,892	323,806	26.3%	-	-	-	0.0%
Conduit	-	-	-	0.0%	146,720	148,766	(2,046)	-1.4%
Total Expenses	1,552,698	1,228,892	323,806	26.3%	146,720	148,766	(2,046)	-1.4%
Increase (Decrease) in Net Position Before Transfers	(1,547,558)	(1,223,788)	(323,770)	26.5%	68,898	83,986	(15,088)	-18.0%
Transfers in (out), net	129,066	100,000	29,066	29.1%	(46,000)	(100,000)	54,000	-54.0%
Change in Net Position	(1,418,492)	(1,123,788)	(294,704)	26.2%	22,898	(16,014)	38,912	-243.0%
Beginning Net Position	3,051,600	4,175,388	(1,123,788)	-26.9%	638,776	654,790	(16,014)	-2.4%
Ending Net Position	<u>\$ 1,633,108</u>	<u>\$ 3,051,600</u>	<u>\$ (1,418,492)</u>	<u>-46.5%</u>	<u>\$ 661,674</u>	<u>\$ 638,776</u>	<u>\$ 22,898</u>	<u>3.6%</u>

LENA GULCH METROPOLITAN DISTRICT

Management's Discussion and Analysis – 2025

General Fund

The *General Fund* was established and continually funded to provide for the normal administrative and operating costs of the District. The General Fund receives revenue transfers from Denver West Metropolitan District to cover expenses of that District through intergovernmental agreements. The General Fund also receives interfund revenue transfers from the Enterprise Fund. The General Fund received interfund transfers of \$46,000 in 2025. The District didn't levy any property taxes for 2025 collection. The General Fund had a decrease in net position of \$1,418,492 for the year ended December 31, 2025, primarily due to a decrease in intergovernmental transfers from Denver West Metropolitan District.

Enterprise Fund

The *Enterprise Fund* was established to account for the District's fiber optic cable leasing operations. The Enterprise Fund charges residents of the District a monthly or quarterly fee for the use of the District's fiber optic network. The primary revenue source of the enterprise fund is conduit lease income from residents of the District who pay to use the fiber optic network. Conduit lease revenues totaled \$215,618 for the year ended December 31, 2025. The enterprise fund had an increase in net position of \$22,898 during 2025. The increase in net position was predominantly due to the decrease in interfund transfers out to the General Fund of \$46,000, which supported the general operations of the District.

Budgetary Highlights

General Fund

The District amended its General Fund budget to increase budgeted expenditures from \$1,290,716 to \$1,600,000. The difference between the final budgeted expenditures and the actual expenditures of \$1,552,698 is a favorable balance of \$47,302. The increase in budgeted expenditures was due to the District accomplishing more repair projects in 2025 than originally budgeted for.

Enterprise Fund

The difference between the final budgeted expenditures of \$141,500 and the actual expenditures of \$73,306 is a favorable balance of \$68,194. The District currently does not budget for depreciation.

Capital Assets

Capital assets, net of depreciation, as of December 31, 2025 and 2024 were classified as follows:

	2025	2024
Governmental Activities		
Rights-of-Way (Land)	\$ 667,300	\$ 667,300
Total	\$ 667,300	\$ 667,300
Business-Type Activities		
Fiber Optic Cable	\$ 441,577	\$ 514,991
	\$ 441,577	\$ 514,991

LENA GULCH METROPOLITAN DISTRICT

Management's Discussion and Analysis – 2025

Economic Factors and 2026 Budget

General Fund

The District has budgeted General Fund expenditures of \$1,298,300 for the year ending December 31, 2026, which is an increase of \$7,584. The increase in expenditures primarily relates to more anticipated maintenance projects for 2026 compared to 2025. The District intends to accumulate any excess funds for future capital improvements or maintenance projects. The District anticipates receiving \$900,000 of intergovernmental revenues for the year ending December 31, 2026, which is a decrease of \$500,000 compared to budgeted amounts for the year ending December 31, 2025. The intergovernmental revenues cover general operating expenditures of the Districts.

Enterprise Fund

The District anticipates the Enterprise Fund to collect roughly \$200,000 in conduit lease revenues and continue to incur expenditures for the upkeep of the fiber optic cable network. Budgeted expenditures for repairs and maintenance, office management, and legal total \$92,800. The District has also budgeted \$100,000 of transfers out to the General Fund to cover operating expenditures of the District.

Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Lena Gulch Metropolitan District
C/o Morain Bakarich CPAs
Attention: Michael A Bakarich, CPA
2801 Youngfield Street Suite 370
Golden, CO 80401

LENA GULCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,303,477	\$ -	\$ 1,303,477
Receivables			
Accounts receivable	-	336	336
Internal balances	(221,788)	221,788	-
Prepaid expenses	9,804	-	9,804
Total Current Assets	<u>1,091,493</u>	<u>222,124</u>	<u>1,313,617</u>
Capital Assets			
Nondepreciable capital assets	667,300	-	667,300
Depreciable capital assets, net	-	441,577	441,577
Total Capital Assets	<u>667,300</u>	<u>441,577</u>	<u>1,108,877</u>
Total Assets	<u>1,758,793</u>	<u>663,701</u>	<u>2,422,494</u>
Liabilities			
Current Liabilities			
Accounts payable	125,685	38	125,723
Prepaid conduit lease revenue	-	1,989	1,989
Total Current Liabilities	<u>125,685</u>	<u>2,027</u>	<u>127,712</u>
Total Liabilities	<u>125,685</u>	<u>2,027</u>	<u>127,712</u>
Net Position			
Net Investment in Capital Assets	667,300	441,577	1,108,877
Restricted - Emergency Reserve (Tabor)	46,581	-	46,581
Unrestricted	919,227	220,097	1,139,324
Total Net Position	<u>\$ 1,633,108</u>	<u>\$ 661,674</u>	<u>\$ 2,294,782</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Function/Program	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-Type Activities	Total
Governmental activities:					
General government	\$ 1,552,698	\$ -	\$ (1,552,698)	\$ -	\$ (1,552,698)
Total governmental activities	1,552,698	-	(1,552,698)	-	(1,552,698)
Business-type activities:					
Conduit leasing	146,720	215,618	-	68,898	68,898
Total business-type activities	146,720	215,618	-	68,898	68,898
Total Function/Program	\$ 1,699,418	\$ 215,618	\$ (1,552,698)	\$ 68,898	\$ (1,483,800)
General Revenues:					
Transfers - other funds			\$ 46,000	\$ (46,000)	\$ -
Transfers - other governments			83,066	-	83,066
Interest			4,140	-	4,140
Other			1,000	-	1,000
Total general revenues			134,206	(46,000)	88,206
Change in Net Position			(1,418,492)	22,898	(1,395,594)
Net Position, Beginning of Year			3,051,600	638,776	3,690,376
Net position, End of Year			\$ 1,633,108	\$ 661,674	\$ 2,294,782

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,303,477	\$ 1,303,477
Prepaid Expenses	9,804	9,804
Total current assets	<u>1,313,281</u>	<u>1,313,281</u>
 Total Assets	 <u><u>\$ 1,313,281</u></u>	 <u><u>\$ 1,313,281</u></u>
 Liabilities		
Current Liabilities		
Accounts Payable	\$ 125,685	\$ 125,685
Internal Balances	221,788	221,788
Total current liabilities	<u>347,473</u>	<u>347,473</u>
 Fund Balances		
Restricted - Emergency Reserve (Tabor)	46,581	46,581
Unassigned	919,227	919,227
Total fund balances	<u>965,808</u>	<u>965,808</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 1,313,281</u></u>	 <u><u>\$ 1,313,281</u></u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**LENA GULCH METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total Governmental Fund Balances:	\$ 965,808
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets are capitalized and expensed over their estimated useful lives through depreciation expense.

667,300

Total Net Position of Governmental Activities	<u><u>\$ 1,633,108</u></u>
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The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Interest	\$ 4,140	\$ 4,140
Other	1,000	1,000
Total revenues	<u>5,140</u>	<u>5,140</u>
Expenditures:		
Repairs and maintenance	1,170,249	1,170,249
Accounting and auditing	15,531	15,531
Legal	26,231	26,231
Consulting	57,746	57,746
Office and management expenses	248,222	248,222
Insurance	10,719	10,719
Service charges	60	60
Traffic signal maintenance	23,940	23,940
Total expenditures	<u>1,552,698</u>	<u>1,552,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,547,558)	(1,547,558)
Other Financing Sources (Uses):		
Transfers in - other funds	46,000	46,000
Transfers in - other governments	83,066	83,066
Total other financing sources (uses)	<u>129,066</u>	<u>129,066</u>
Net change in fund balance	(1,418,492)	(1,418,492)
Fund Balance, Beginning of Year	2,384,300	2,384,300
Fund Balance, End of Year	<u><u>\$ 965,808</u></u>	<u><u>\$ 965,808</u></u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025
(With Summarized Comparative Information for December 31, 2024)

	Enterprise Fund	
	2025	2024
Assets		
Accounts receivable	\$ 336	\$ 39,065
Internal balances	221,788	87,196
Total Current Assets	222,124	126,261
 Capital Assets		
Depreciable capital assets, net	441,577	514,991
Total Capital Assets, Net	441,577	514,991
 Total Assets	\$ 663,701	\$ 641,252
 Liabilities		
Current Liabilities		
Accounts payable	\$ 38	\$ 12
Prepaid conduit lease revenue	1,989	2,464
Total Current Liabilities	2,027	2,476
 Total Liabilities	2,027	2,476
 Net Position		
Net Investment in Capital Assets	441,577	514,991
Unrestricted	220,097	123,785
Total Net Position	661,674	638,776
 Total Liabilities and Net Position	\$ 663,701	\$ 641,252

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Summarized Comparative Information for December 31, 2024)

	Enterprise Fund	
	2025	2024
Operating Revenues		
Conduit lease revenue	\$ 215,618	\$ 232,752
Total revenues	<u>215,618</u>	<u>232,752</u>
Operating Expenses		
Repairs and maintenance	52,630	53,947
Legal	-	1,723
Office and management expenses	20,676	19,682
Depreciation	73,414	73,414
Total expenses	<u>146,720</u>	<u>148,766</u>
Operating Income (Loss)	68,898	83,986
Transfers out - General Fund	<u>(46,000)</u>	<u>(100,000)</u>
Change in net position	22,898	(16,014)
Net Position, Beginning of Year	<u>638,776</u>	<u>654,790</u>
Net Position, End of Year	<u><u>\$ 661,674</u></u>	<u><u>\$ 638,776</u></u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2025
(With Summarized Comparative Information for December 31, 2024)

	Enterprise Fund	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 254,347	\$ 194,422
Payments to suppliers	(73,755)	(75,559)
Internal activity - payments to other funds	(134,592)	(18,863)
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,000	100,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out - General Fund	(46,000)	(100,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(46,000)	(100,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ -	\$ -
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ -	\$ -
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 68,898	\$ 83,986
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation expense	73,414	73,414
(Increase) decrease in accounts receivable and other assets	38,729	(38,805)
Increase (decrease) in accounts payable and other liabilities	26	(207)
(Decrease) increase in deferred lease revenue	-	475
(Increase) decrease in internal balances	(134,592)	(18,863)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 46,475	\$ 100,000

The accompanying notes and independent auditors' report are an integral part of the financial statements.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

I. Summary of Significant Accounting Policies

A. Reporting Entity

Lena Gulch operates under a governing Board of Directors and is considered a separate political subdivision of the State of Colorado providing water, streets, traffic and safety controls, fire protection, television relay, transportation, parks and recreation improvements, sanitation and pest control and other related improvements to all present and future residents within the Metropolitan Districts of Lena Gulch (District) and Denver West (Denver West).

The District's basic financial statements include the accounts and funds of all District operations. Furthermore, the financial statements of Lena Gulch Metropolitan District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the provisions of GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The primary features of the Statement are:

- Government-wide financial reporting, which provides a picture of the District as a single, unified entity.
- Narrative overview and analysis, which provides financial statement users with a narrative introduction, overview and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A).
- Expanded budgetary reporting to show budgetary comparisons based on the District's original and final amended budget.

The more significant of the District's accounting policies are described below:

B. Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity, including Denver West Metropolitan District, since no other entities are considered to be controlled by or dependent on the District. Control or independence is determined on the basis of financial accountability and responsibility, budget adoption, taxing authority, funding, and election of the respective governing board. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 14, the District is considered a stand-alone entity.

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall District government, except for fiduciary activities. Governmental activities of the District are financed through intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) grants and contributions that are restricted to meeting the operational needs of a particular program and (b) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

I. Summary of Significant Accounting Policies – (continued)

C. Government-Wide and Fund Financial Statements – (continued)

Government-Wide Financial Statements – (continued)

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis and the modified accrual basis of accounting. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Proprietary funds are accounted for on a total economic resources basis and employ the full accrual basis of accounting. Proprietary funds recognize increases and decreases in economic resources as soon as the underlying transaction occurs.

Funds are organized into two major categories: governmental and proprietary. The District has one governmental fund and one proprietary fund. The District currently does not maintain any fiduciary funds.

Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund type. Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The following funds were used by the District during 2025:

GOVERNMENTAL FUNDS

GENERAL FUND

To account for and report all financial resources not accounted for in another fund.

PROPRIETARY FUNDS

ENTERPRISE FUND

To account for the District's fiber optic cable leasing operations.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

I. Summary of Significant Accounting Policies – (continued)

C. Government-Wide and Fund Financial Statements (continued)

Major Funds – (continued)

The highest level of decision-making authority is the Board of Directors. A quorum of the Board of Directors and a majority vote is required to establish, modify, or rescind a commitment of fund balance. Only a majority vote by the Board of Directors may *assign* amounts to specific purposes, and the policy pursuant to that authorization.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Additionally, when an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers *committed* amounts to be reduced first, then *assigned*, and then *unassigned*. There were no committed amounts at December 31, 2025.

D. Measurement Focus and Basis of Accounting

Measurement Focus

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. 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 modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The full accrual basis of accounting is used by all proprietary funds. Under the full accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as the liability is incurred, regardless of the timing of related cash inflows and outflows.

Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and charges for services. All other revenues are reported when the cash is received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, principal and interest on long-term debt, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Use of Estimates

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

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

I. Summary of Significant Accounting Policies – (continued)

F. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to October 15th, the budget is submitted to the Board of Directors of the District.
2. A public hearing on the budget is held prior to its adoption.
3. On the date of the hearing, the Board reviews the proposed budget and formally adopts it by resolution.
4. At the time of adopting the budget, the Board also adopts the mill levies.
5. Prior to the beginning of the calendar year, the Board passes an appropriating ordinance giving the District legal authority to spend.
6. The District adopts budgets for the General Fund and Enterprise Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of the notification and publication requirements defined by statute. The appropriation is at the total fund expenditures level and lapses at year end.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors.

G. Capital Assets

Capital assets for governmental funds consist primarily of rights-of-way (land) and are reported in the applicable governmental activities column of the statement of net position. Capital assets of the enterprise fund consist of the District's fiber optic cable network and are reported in the business-type activities column of the statement of net position and in the enterprise fund's statement of net position. Capital assets are valued at cost or estimated historical cost. The District's policy is to capitalize assets or improvements with initial acquisition costs of \$10,000 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The rights-of-way are not depreciated because they are land. The fiber optic network is being depreciated on a straight-line basis over a useful life of twenty years.

H. Receivables

Receivables consist of billings for conduit lease charges and intergovernmental receivables. All receivables are considered fully collectible, accordingly, no allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant, if any.

I. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are external limitations on their use by creditors, grantors, laws or regulations of other governments. Unrestricted net position includes all funds not invested in capital assets or restricted by external obligations. As of December 31, 2025, the District reported a combined net position of \$2,294,782.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

I. Summary of Significant Accounting Policies – (continued)

J. Encumbrances

The District does not employ encumbrance accounting methods.

K. Fund Balances-Governmental Funds

The District has implemented GASB statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement defines fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – amounts that are not in nonspendable form or are required to be maintained intact.
- *Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or enabling legislation.
- *Committed* – amounts constrained to specific purposes by the District, using its highest level of decision-making authority, the Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors take action to remove or change the constraints.
- *Assigned* – amounts the District intends to use for a specific purpose. 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* – amounts that are available for any purpose.

II. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances of the governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between the net change in fund balances of the governmental funds and the changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

III. Cash and Deposits – All Funds

For purposes of the Statement of Cash Flows, the District considers all investments with a maturity when purchased of three months or less to be cash equivalents. As of December 31, 2025, the District’s money market savings accounts were not rated. Cash deposits held by the District as of December 31, 2025 comprised of checking accounts (1%) and money market savings accounts (99%), summarized as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured bank deposits	\$ 250,000	\$ 250,000
Collateralized bank deposits	<u>1,053,477</u>	<u>1,088,655</u>
Total cash deposits	<u>\$ 1,303,477</u>	<u>\$ 1,338,655</u>

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

III. Cash and Deposits – All Funds (continued)

Deposits/Custodial Risk

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance coverage must be collateralized. PDPA allows eligible depositories to create a single collateral pool for all public funds. The market value of eligible collateral (determined under PDPA) must exceed the aggregate uninsured deposits held by a financial institution on behalf of all local government deposits.

Investments/Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and CSAFE, which record their investments at amortized costs. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

District policy is to hold investments until maturity.

IV. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including the raising of revenue, spending abilities, and other specific requirements of state and local governments. The District's financial activity provides the basis for calculations of limitations adjusted for allowable increases tied to inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. The District has not certified a mill levy for any funds and generates revenue from interest earned of \$4,140 in the General Fund and \$215,618 of conduit lease revenue in the Enterprise Fund.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

IV. Tax, Spending and Debt Limitations (continued)

Except for bond refinancing at lower interest rates, the Amendment specifically prohibits the creation of multiple fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The Amendment requires that emergency reserves be established to equal at least three percent (3%) of fiscal year spending. Emergency reserves as of December 31, 2025 totaling \$46,581 have been presented as restricted fund balance in the General Fund. The District is not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary, or benefit increases.

V. Capital Assets

The following tables provide a summary of changes in capital assets for governmental and proprietary funds for the year ended December 31, 2025.

GOVERNMENTAL FUNDS:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Land-Rights-of-Way	\$ 667,300	--	--	\$ 667,300
Total	\$ 667,300	--	--	\$ 667,300

PROPRIETARY FUNDS:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Capital Assets Being Depreciated:				
Fiber Optic Cable	\$ 1,468,282	--	--	\$ 1,468,282
Total	1,468,282	--	--	1,468,282
Less: Accumulated Depreciation				
Fiber Optic Cable	953,291	73,414	--	1,026,705
Total	953,291	73,414	--	1,026,705
Proprietary fund capital assets, net	\$ 514,991	73,414	--	\$ 441,577

Depreciation expense in the Enterprise Fund was \$73,414 for the year ending December 31, 2025.

The fiber optic cable network was transferred from Denver West Metropolitan District in December 2011.

VI. Other Information

A. Related Parties

The District conducts joint Board meetings with Denver West. The respective Boards are composed of the same Directors, all of whom are members of the Stevinson family.

Various members of the Stevinson family have financial interests in the following entities and/or serve as managers, officers and directors to the various entities and their affiliates.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

VI. Other Information (continued)

A. Related Parties (continued)

Other related parties include Denver West Management, Inc., Denver West Realty, Inc., Denver West Properties, LLC, Denver West Village, Inc., Denver West Village, LLC, Stevinson Colorado Mills Holdings, LLC, Stevinson Automotive, Inc., Stevinson Auto Imports, Inc., Stevinson Chevrolet West, Inc., Stevinson Group Inc., Stevinson Realty, Inc., Stevinson Land Company, Stevinson Partnership, Ltd., LLLP, Golden Mesa, LLC, and Wide Acres Land Company.

During 2025, payments to related parties included payments of \$438,786 to Denver West Realty, Inc. for allocation of common costs and general maintenance and \$24,840 to Denver West Properties for rent, and \$964 to Stevinson Chevrolet and Automotive Services, Inc. for automotive repair services.

The District has long standing agreements with related parties which are subject to annual budget appropriation approval. Such agreements include landscaping services agreement with Denver West Management, Inc.; public improvements agreement for Colorado Mills with Colorado Mills, LLLP, and a traffic management and maintenance agreement with the City of Lakewood. For the year ended December 31, 2025, \$37,330 was paid to the City of Lakewood under the maintenance agreement.

B. Intergovernmental Agreement

The District entered into a District Facilities Construction Service Agreement (“IGA”) on May 8, 1988 with Denver West. The IGA sets forth the rights and obligations of the financing district to fund, and of the service district to construct, own or transfer, and to operate and maintain, public facilities and services of benefit to both Districts; and to implement the Consolidated Service Plan (“Service Plan”) of the Districts. The Service Plan describes the relationship between the Districts. In this connection, the District contracts for and supervises the construction and acquisition of facilities under the annual budget as described in the Service Plan.

The District owns all facilities, except as otherwise provided, and is responsible for the operation and maintenance of all facilities. Under the Service Plan, certain facilities may be transferred or leased to other governmental entities for operation and maintenance purposes. The District also performs certain administrative services for Denver West in exchange for fees.

Under the IGA, future capital needs of the two Districts will be accomplished through the issuance of (i) revenue bonds issued by the District, secured by future development fees, and (ii) general obligation bonds by Denver West once certain assessed valuation levels are achieved by Denver West. No bonds have been issued by the District as of December 31, 2025. Denver West is designated as the Financing District, and the District is designated as the Service District. Denver West currently generates tax revenue sufficient to pay the costs of capital improvements for the District.

Pursuant to the terms of the IGA, Denver West is responsible for generating property tax revenues that are used to pay for the costs of Denver West facilities, including annual obligation debt service, and pay the annual operating, maintenance and administrative expenditures incurred by the District. Proceeds from the Denver West’s general obligation bond issues are used to contribute construction funds to the District. The District uses these construction funds to pay for the costs of municipal infrastructure improvements required by the District. The District did not receive any transfers from Denver West Metropolitan District for expenditures incurred by the District for the benefit of Denver West Metropolitan District for services provided under the IGA. As of December 31, 2025, the District received \$83,066 from Denver West Metropolitan District.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

VI. Other Information (continued)

C. Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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. Settled claims have not exceeded commercial coverage limits in any of the past three fiscal years.

As more fully described in Note VI (B), the District has entered into an intergovernmental agreement (“IGA”) with Denver West. Under the IGA, Denver West and the District acknowledge and agree that the maximum amount of Total Actual Costs and Total Actual Service Costs (as defined in the IGA), which could become due under the IGA are not permitted to exceed an amount in excess of both Districts’ respective voters’ authorization. The Denver West voters have authorized expenditures of total actual capital costs of 67 million dollars and total actual service costs of three million dollars. The IGA states that, due to annual budget limitations, unpaid amounts carry forward to the subsequent years until paid in full.

Agreements with other governmental entities subject to annual budget appropriations include the Traffic Signal Agreement for Denver West Development Area between the District and the City of Lakewood; Storm Water Detention Agreement between the District and the City of Lakewood; and the Construction, Operation and Maintenance Agreement between Jefferson County, the District, and other Denver West/Stevinson signatories.

Agreements with other non-governmental entities subject to annual appropriation include the Landscaping Services Agreement with Denver West Management, Inc., the Landscaping Services Agreement with Pyne Company of Colorado, the Public Improvements Agreement for the Colorado Mills Project/14500 West Colfax Avenue, between Colorado Mills Limited Partnership, the District, and the City of Lakewood, and the Public Improvement Financing Agreement between the District, Lena Gulch and the City of Lakewood.

VII. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. The District currently does not have any deferred outflows of resources reported in the accompanying financial statements.

In addition to liabilities, the Statement of Net Position reports a section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District currently does not have any deferred inflows of resources reported in the accompanying financial statements.

VIII. Authorized but Unissued Debt

The District does not have any authorized, but unissued debt, pursuant to 29-1-605 in House Bill 08-1125.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

IX. Future Minimum Lease Rentals

The District has entered into various operating lease agreements with tenants for the use of the District's fiber optic network. The leases expire in various years ranging from 2026 through 2033. The expected future rental receipts are as follows; however, leases can be cancelled with 90 days' notice:

<u>Year Ending December 31st:</u>	<u>Amount</u>
2026	\$ 199,299
2027	118,551
2028	110,454
2029	87,987
2030	87,987
Thereafter	<u>197,978</u>
Total	<u>\$ 802,256</u>

In June 2017, the GASB established Statement 87, Leases, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months.

The District has analyzed the requirements of this standard and determined the standard has no impact on the District's financial statements for the year ending December 31, 2025. All conduit leases held by the District qualify for the short-term lease exemption under GASB 87, as the leases have non-cancellable periods of not more than 12 months, and can be terminated at will with ninety (90) day notice by either lessor or lessee.

XI. Interfund Balances and Transfers

As of December 31, 2025, interfund balances consisted of the following:

	<u>Payable Fund</u>	<u>Receivable Fund</u>
General Fund	\$ 221,788	\$ -
Enterprise Fund	<u>-</u>	<u>221,788</u>
Total	\$ 221,788	\$ 221,788

Interfund transfers represent annual funds transferred from the Enterprise Fund to the General Fund. Funds were transferred to cover general administrative and operating expenses of the District. Interfund transfer for 2025 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 46,000	\$ -
Enterprise Fund	<u>-</u>	<u>46,000</u>
Total	\$ 46,000	\$ 46,000

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary governmental column.

LENA GULCH METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

XII. Subsequent Events

The District has evaluated subsequent events through June 26, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**LENA GULCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
BUDGETARY BASIS**

	BUDGETED AMOUNTS			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenues	\$ 1,400,000	\$ 1,400,000	\$ -	\$ (1,400,000)
Interest	-	-	4,140	4,140
Other	-	-	1,000	1,000
Total revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>5,140</u>	<u>(1,394,860)</u>
Expenditures				
Repairs and maintenance	900,000	1,209,284	1,170,249	39,035
Accounting and auditing	30,000	30,000	15,531	14,469
Consulting	30,000	30,000	57,746	(27,746)
Legal	30,000	30,000	26,231	3,769
Traffic signal maintenance	26,000	26,000	23,940	2,060
Service charges	100	100	60	40
Office and management expense	256,616	256,616	248,222	8,394
Insurance	18,000	18,000	10,719	7,281
Total expenditures	<u>1,290,716</u>	<u>1,600,000</u>	<u>1,552,698</u>	<u>47,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>109,284</u>	<u>(200,000)</u>	<u>(1,547,558)</u>	<u>(1,347,558)</u>
Other Financing Sources (Uses):				
Transfers in - Enterprise Fund	<u>46,000</u>	<u>46,000</u>	<u>46,000</u>	-
Transfers in - other governments	<u>-</u>	<u>-</u>	<u>83,066</u>	<u>83,066</u>
Net Other Financing Sources (Uses)	<u>46,000</u>	<u>46,000</u>	<u>129,066</u>	<u>83,066</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>155,284</u>	<u>(154,000)</u>	<u>(1,418,492)</u>	<u>(1,264,492)</u>
Fund Balance, Beginning of Year	<u>3,440,065</u>	<u>3,440,065</u>	<u>2,384,300</u>	<u>(1,055,765)</u>
Fund Balance, End of Year	<u>\$ 3,595,349</u>	<u>\$ 3,286,065</u>	<u>\$ 965,808</u>	<u>\$ (2,320,257)</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

OTHER SUPPLEMENTARY INFORMATION

**LENA GULCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
BUDGETARY BASIS**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Conduit lease revenue	\$ 190,000	\$ 215,618	\$ 25,618
Total Operating Revenues	190,000	215,618	25,618
Operating Expenses			
Repairs and maintenance	115,000	52,630	62,370
Office and management expenses	21,500	20,676	824
Legal	5,000	-	5,000
Total Operating Expenses	141,500	73,306	68,194
Excess (Deficiency) of Revenues Over Expenditures	48,500	142,312	93,812
Other financing sources (uses)			
Transfers out - General Fund	(46,000)	(46,000)	-
Net Other Financing Sources (Uses)	(46,000)	(46,000)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	2,500	96,312	93,812
Fund Balance, Beginning of Year	670,796	638,776	(32,020)
Fund Balance, End of Year	\$ 673,296	\$ 735,088	\$ 61,792

**Reconciliation of Excess Revenues Over Expenditures and Other Financing
Sources (Uses) to Change in Net Position:**

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) - Budgetary Basis	\$ 96,312
Less: Depreciation expense	(73,414)
Change in net position	\$ 22,898

The accompanying notes and independent auditors' report are an integral part of the financial statements.