

Lincoln Creek Metropolitan District

Douglas County, Colorado

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Lincoln Creek Metropolitan District
Douglas County, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental 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 opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

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

Colorado CPA Company PC

Highlands Ranch, Colorado
July 27, 2026

Lincoln Creek Metropolitan District
Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Funds Total	Adjustments	Statement of Net Position/ (Deficit)
Assets					
Cash and investments - unrestricted	\$ (15,721)	\$ -	\$ (15,721)	\$ -	\$ (15,721)
Cash and investments - restricted	20,000	217,913	237,913	-	237,913
Receivable from County Treasurer	-	-	-	-	-
Assessments receivable	19,276	-	19,276	-	19,276
Property taxes receivable - next year	97,104	222,158	319,262	-	319,262
Capital assets not being depreciated	-	-	-	3,551,255	3,551,255
Total assets	<u>\$ 120,659</u>	<u>\$ 440,071</u>	<u>\$ 560,730</u>	3,551,255	4,111,985
Liabilities					
Accounts payable	\$ 40,937	\$ -	\$ 40,937	-	40,937
Prepaid assessments	10,932	-	10,932	-	10,932
Fee deposit payable	71,006	-	71,006	-	71,006
Accrued interest on bonds	-	-	-	12,328	12,328
Long-term liabilities:					
Due within one year	-	-	-	145,000	145,000
Due within more than one year	-	-	-	5,466,060	5,466,060
Total liabilities	122,875	-	122,875	5,623,388	5,746,263
Deferred inflows of resources					
	134	-	134	-	134
Deferred property taxes	97,104	222,158	319,262	-	319,262
Total deferred inflows of resources	97,238	222,158	319,396	-	319,396
Fund balance/net position					
Fund balances:					
Restricted:					
Emergencies	20,000	-	20,000	(20,000)	-
Debt service	-	217,913	217,913	(217,913)	-
Unassigned	(119,454)	-	(119,454)	119,454	-
Total fund balances	(99,454)	217,913	118,459	(118,459)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 120,659</u>	<u>\$ 440,071</u>	<u>\$ 560,730</u>		
Net position:					
Restricted for:					
Emergencies				20,000	20,000
Debt Service				205,585	205,585
Unrestricted				(2,179,259)	(2,179,259)
Total net position				<u>\$ (1,953,674)</u>	<u>\$ (1,953,674)</u>

Note: the accompanying notes are an integral part of these financial statements.

Lincoln Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Funds Total	Adjustments	Statement of Activities
Expenditures/expenses					
Accounting and audit	\$ 18,900	\$ -	\$ 18,900	\$ -	\$ 18,900
Administrative costs	4,957	-	4,957	-	4,957
Elections	-	-	-	-	-
Insurance	6,194	-	6,194	-	6,194
Landscape and maintenance:					
Detention pond	28,000	-	28,000	-	28,000
Fence repairs	58,350	-	58,350	-	58,350
Irrigation	52,639	-	52,639	-	52,639
Landscape contract	175,629	-	175,629	-	175,629
Landscape maintenance	22,856	-	22,856	-	22,856
Lighting maintenance	5,684	-	5,684	-	5,684
Pet stations	6,846	-	6,846	-	6,846
Snow removal	90,404	-	90,404	-	90,404
Legal fees	68,136	-	68,136	-	68,136
Management fees	34,134	-	34,134	-	34,134
Miscellaneous	5,887	-	5,887	-	5,887
Social activities	1,071	-	1,071	-	1,071
Treasurer's fees	1,479	3,452	4,931	-	4,931
Utilities:					
Electricity	7,432	-	7,432	-	7,432
Water	96,111	-	96,111	-	96,111
Debt service:					
Debt principal	-	140,000	140,000	(140,000)	-
Bond interest	-	151,800	151,800	(321)	151,479
Developer advance interest	-	-	-	7,050	7,050
Total expenditures/expenses	684,709	295,252	979,961	(133,271)	846,690
Program revenues					
Homeowners assessments and fees	525,195	-	525,195	-	525,195
Total program revenues	525,195	-	525,195	-	525,195
Net program income/(expense)	(159,514)	(295,252)	(454,766)	133,271	(321,495)
General revenues					
Property taxes	98,597	230,059	328,656	-	328,656
Specific ownership taxes	7,595	17,723	25,318	-	25,318
Interest income and miscellaneous	15,549	53	15,602	-	15,602
Total general revenues	121,741	247,835	369,576	-	369,576
Excess/(deficiency) of revenues over expenditures and net changes in fund balances	(37,773)	(47,417)	(85,190)	85,190	
Change in net position/(deficit)				48,081	48,081
Fund balances / net position/(deficit)					
Beginning of year	(61,681)	265,330	203,649	(2,205,404)	(2,001,755)
End of year	\$ (99,454)	\$ 217,913	\$ 118,459	\$ (2,072,133)	\$ (1,953,674)

Note: the accompanying notes are an integral part of these financial statements.

Lincoln Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures				
Accounting and audit	\$ 18,500	\$ 18,500	\$ 18,900	\$ (400)
Administrative costs	5,000	5,000	4,957	43
Elections	5,000	5,000	-	5,000
Insurance	7,200	7,200	6,194	1,006
Landscape and maintenance:				
Detention pond	-	-	28,000	(28,000)
Fence repairs	39,000	39,000	58,350	(19,350)
Irrigation	20,000	20,000	52,639	(32,639)
Landscape contract	154,100	154,100	175,629	(21,529)
Landscape maintenance/improvements	5,000	5,000	22,856	(17,856)
Lighting maintenance	6,000	6,000	5,684	316
Pet stations	6,500	6,500	6,846	(346)
Snow removal	130,000	130,000	90,404	39,596
Legal fees	50,000	50,000	68,136	(18,136)
Management fees	18,840	18,840	34,134	(15,294)
Miscellaneous	5,000	5,000	5,887	(887)
Social activities	2,000	2,000	1,071	929
Treasurer's fees	1,499	1,499	1,479	20
Utilities:				
Electricity	4,000	4,000	7,432	(3,432)
Water	86,910	86,910	96,111	(9,201)
Contingency	18,687	20,706	-	20,706
Total expenditures	<u>583,236</u>	<u>585,255</u>	<u>684,709</u>	<u>(99,454)</u>
Program revenues:				
Homeowners assessments and fees	<u>507,636</u>	<u>525,195</u>	<u>525,195</u>	<u>-</u>
Total program revenues	<u>507,636</u>	<u>525,195</u>	<u>525,195</u>	<u>-</u>
Net program income/(expense)	(75,600)	(60,060)	(159,514)	(99,454)
General revenues				
Property taxes	99,966	98,597	98,597	-
Specific ownership taxes	5,998	7,595	7,595	-
Interest income	<u>3,500</u>	<u>15,549</u>	<u>15,549</u>	<u>-</u>
Total general revenues	<u>109,464</u>	<u>121,741</u>	<u>121,741</u>	<u>-</u>
Excess/(deficiency) of revenues over expenditures and net changes in fund balance	33,864	61,681	(37,773)	(99,454)
Fund balances				
Beginning of year	2,949	(61,681)	(61,681)	-
End of year	<u>\$ 36,813</u>	<u>\$ -</u>	<u>\$ (99,454)</u>	<u>\$ (99,454)</u>

Note: the accompanying notes are an integral part of these financial statements.

Note 1 – Definition of Reporting Entity

Definition of Reporting Entity

Lincoln Creek Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on April 8, 2005, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Douglas County, Colorado. The District was established to provide for the design, acquisition, installation, construction, operation and maintenance of sanitation, storm drainage, water, streets, traffic and safety controls, parks and recreation, television relay and translation and mosquito control for the use and benefit of the residents and property owners of the District. The District also provides covenant enforcement services within the District. The District is governed by an elected Board of Directors.

As required by accounting principles generally accepted in the United States of America (“GAAP”), these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Boards (“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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Note 2 – Summary of Significant Accounting Policies

The accounting policies of the District conform to the accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34, “*Special Purpose Governments*.”

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. Governmental activities are normally supported by property taxes.

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

For the most part, the effect of interfund activity has been removed from these statements.

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

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. Property taxes are recognized as revenues in the year for which they are levied and collected.

Note 2 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 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 period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgets

Budgets are adopted on a non-GAAP basis for governmental funds. In accordance with the State Budget Law of Colorado, 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 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 the General Fund appropriations primarily due to unanticipated operating costs. Actual spending exceeded appropriated amounts, which may be a violation of State Budget Law.

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments as of December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash 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.

Accounts Receivable, Allowance for Doubtful Accounts

Homeowner fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts are available or collected.

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system and similar items), are reported in the applicable governmental or business-type activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements that will be conveyed to other governmental entities are classified as construction in progress, are not included in the calculation of net investment in capital assets and are not depreciated. Land and certain landscaping improvements are not depreciated.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. No depreciation is being computed on the District's improvements as the improvements will be transferred to other governmental entities. Once transferred, the District will no longer be responsible for the maintenance or repair of the improvements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

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

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaids and inventory) or is legally or contractually required to be maintained intact.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision-making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

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

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

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position (continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners who assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Adoption of New Accounting Standard

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASBS No. 102"). GASBS No. 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. This District adopted the requirements of the guidance effective for the year ended December 31, 2025. Management performed the analysis required under GASBS No. 102 and did not identify any concentrations or constraints that require disclosure.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 3 – Cash and Investments

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

Statement of net position:

Cash and investments - unrestricted	\$ (15,721)
Cash and investments - restricted	<u>237,913</u>
Total	<u><u>\$ 222,192</u></u>

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

Deposits with financial institutions	\$ 80,711
Investment - COLOTRUST	<u>141,481</u>
Total	<u><u>\$ 222,192</u></u>

Cash Deposits

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.

As of December 31, 2025, the District's cash deposits had a bank balance of \$152,488 and a carrying balance of \$80,711. The District had \$2,488 collateralized under PDPA as of December 31, 2025.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, none of the District's bank balance was exposed to custodial credit risk.

Note 3 – Cash and Investments (continued)

Investments

Investment Policies

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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 or sinking fund requirements. Colorado State 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
- 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 mutual funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Concentration Risk and Custodial Risk – Investments

The District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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. The District's investment in COLOTRUST is not required to be categorized within the fair value hierarchy and are calculated using the net asset value ("NAV") method.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 3 – Cash and Investments (continued)

Investments (continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST Plus+	Weighted Average Under 60 Days	\$ 141,481
Total investments		<u>\$ 141,481</u>

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios: COLOTRUST Prime, COLOTRUST PLUS+, and COLOTRUST Edge.

COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. As of December 31, 2025, the District had funds invested in COLOTRUST Plus+.

COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. It is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. Purchases and redemptions are available daily at a net asset value of \$1.00. There are no unfunded commitments and there is no redemption notice period.

Restricted Cash and Investments

As of December 31, 2025, a portion of cash and investments was restricted for emergency reserves and debt service.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 4 – Capital Assets

The following is an analysis of changes in capital assets for the year ended December 31, 2025:

<u>Governmental-type activities</u>	<u>Balance 01/01/2025</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance 12/31/2025</u>
Capital assets not being depreciated:				
Landscaping improvements	\$ 3,551,255	\$ -	\$ -	\$ 3,551,255
Total capital assets not being depreciated	<u>\$ 3,551,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,551,255</u>

No depreciation expense was charged to the general government function during the year ended December 31, 2025. Upon completion and acceptance, a majority of the capital assets will be conveyed to other local governments. The District will not be responsible for maintenance of capital assets conveyed to other local governments.

Note 5 – Long-Term Obligations

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

<u>Governmental activities:</u>	<u>Balances 01/01/2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/2025</u>	<u>Current Portion</u>
Developer advances:					
Developer advances - principal	\$ 117,500	\$ -	\$ -	\$ 117,500	\$ -
Developer advances - interest	<u>126,510</u>	<u>7,050</u>	<u>-</u>	<u>133,560</u>	<u>-</u>
Total developer advances	244,010	7,050	-	251,060	-
Bonds:					
Series 2021 Bond	<u>5,500,000</u>	<u>-</u>	<u>(140,000)</u>	<u>5,360,000</u>	<u>145,000</u>
Total bonds	<u>5,500,000</u>	<u>-</u>	<u>(140,000)</u>	<u>5,360,000</u>	<u>145,000</u>
Total long-term obligations	<u>\$ 5,744,010</u>	<u>\$ 7,050</u>	<u>\$ (140,000)</u>	<u>\$ 5,611,060</u>	<u>\$ 145,000</u>

General obligation bonds issued for governmental activities are liquidated by the debt service fund.

The details of the District's long-term obligation are as follows:

Note 5 – Long-Term Obligations (continued)

Funding and Reimbursement Agreement

On November 1, 2006, the District entered into a Funding and Reimbursement Agreement with LCV, LLC (the “Developer”) pursuant to which the District agreed to reimburse the Developer for all General Fund Costs, whether incurred prior by the Developer or by advancement of funds to the District for the purpose of funding General Fund Costs of the District up to a maximum of \$2,000,000, through December 31, 2016. The advances bear interest at a rate of 6% from the date of advance. The advances are to be repaid on December 5 annually using tax revenue for operations and maintenance, to the extent of available funds. As of December 31, 2025, the principal balance of Developer Advances was \$117,500 and accrued interest was \$133,560.

\$6,000,000 Limited Tax General Obligation Refunding Bonds, Series 2021

On July 29, 2021, the District issued \$6,000,000 of Limited Tax General Obligation Refunding Bonds, Series 2021 (“2021 Bonds”), for the purpose of paying and cancelling the District’s Series 2006 Bonds, and paying the costs of issuance of the 2021 Bonds. The 2021 Bonds bear interest at the rate of 2.76%, payable semiannually on each June 1 and December 1, commencing on December 1, 2021, and mature on December 1, 2041. The Series 2021 Bonds are subject to early redemption at the option of the District commencing on December 1, 2026, without a redemption premium. The Series 2021 Bonds are secured by Pledged Revenues including the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and any other moneys determined by the District. The refunding was undertaken to lower the interest rate.

Events of Default as defined in the 2021 Bond Indenture are 1) the failure of the District to impose the Required Mill Levy, or to apply the Pledged revenue as required by the Indenture, 2) the default by the District in the performance or observation of any other of the covenants of the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the 2021 Bonds shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgement, and 3) other suits. Acceleration of the 2021 Bonds is not an available remedy for an Event of Default.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 5 – Long-Term Obligations (continued)

\$6,000,000 Limited Tax General Obligation Refunding Bonds, Series 2021 (continued)

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2021 Bonds:

Year Ending December 31,	Principal	Interest	Total
2026	\$ 145,000	\$ 147,936	\$ 292,936
2027	145,000	143,934	288,934
2028	150,000	139,932	289,932
2029	155,000	135,792	290,792
2030	160,000	131,514	291,514
2031-2035	875,000	588,570	1,463,570
2036-2040	1,000,000	460,920	1,460,920
2041	2,730,000	75,348	2,805,348
Total	<u>\$ 5,360,000</u>	<u>\$ 1,823,946</u>	<u>\$ 7,183,946</u>

Note 6 – Debt Authorization

On November 1, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$35,000,000 in general obligation bonds for purposes of acquiring streets, water, sewer, park and recreation, traffic and safety control, television relay and mosquito control facilities ("New Money Authorization"), and \$35,000,000 in general obligation bonds for purposes of issuing refunding bonds at a higher interest rate ("Refunding Authorization"). After the issuance of the 2006 Bonds, the remaining authorization is \$30,870,000 of the New Money Authorization and \$35,000,000 of the Refunding Authorization. Per the District's Service Plan, the District cannot issue debt in excess of \$6,000,000 in either general obligation bonds or revenue bonds. The District has no remaining authorization under the Service Plan as of December 31, 2025.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 7 – Fund Balances and Net Position

Fund Balances

The District's total fund balance consists of the following components:

Fund balance - restricted for:	
Emergencies (TABOR)	\$ 20,000
Debt service	217,913
Fund balance - unassigned	<u>(119,454)</u>
 Total fund balance	 <u><u>\$ 118,459</u></u>

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the Debt Service Fund is restricted for the payment of the debt service costs associated with the District's long-term obligations (see Note 5).

The unassigned fund balance represents the residual portion of fund balance that does not meet any of the above-described criteria and is available for general use by the District.

Fund Balance Deficit

The General Fund reports a deficit fund balance as of December 31, 2025. It is anticipated that this will be eliminated with future property tax collections and homeowner fees.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 7 – Fund Balances and Net Position (continued)

Net Position

The District's net position consists of the following components:

Net position - restricted for:	
Emergencies (TABOR)	20,000
Debt service	<u>205,585</u>
Total restricted net position	225,585
Net position/(deficit) - unrestricted	<u>(2,179,259)</u>
Total net position/(deficit)	<u><u>\$ (1,953,674)</u></u>

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. On the Statement of Net Position/(Deficit), negative net investment in capital assets is included as a component of unrestricted net position/(deficit).

The restricted components of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The unrestricted net position includes all other net position that does not meet the definition of the above two components and is available for general use by the District.

Note 8 – Related Party Information

The members of the Board of Directors of the District are owners of property within the District, and may have conflicts of interest in dealing with the District. Any potential conflicts have been filed in accordance with Colorado Law.

Note 9 – Risk Management

The District is exposed to various risks of loss related to 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”) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property 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

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Any operating expense shortfall is funded by the Developer and therefore no 3% emergency reserve is provided.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, 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.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

Note 10 – Tax, Spending and Debt Limitations (continued)

On November 1, 2005, a majority of the District’s electors authorized the District to collect, retain in reserve and spend all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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.

Note 11 – Agreements

Fee Resolution

On January 13, 2014, the District adopted the Second Amended and Restated Resolution Imposing Fees for Maintenance Services and Recreational Facilities (the “Fee Resolution”). To defray the cost of the services provided by the District including landscape maintenance, snow removal, park and recreation services, covenant enforcement, and design review, the District imposed a Service Fee on all lots and tracts within the District. The Service Fee was set as follows: \$131 per month per single family lot upon which a dwelling structure has been constructed and has received a certificate of occupancy (“CO”); \$55 per month for each multifamily unit which has a CO; \$40 per month based on the number of dwelling units allowed on each lot or tract under the applicable plat for vacant lots or parcels (or parts thereof) platted for uses other than single family. The fee was retroactive to December 1, 2009. At the closing date for each unit, the District collects 3 months of fees and holds 2 months for any future underpayment of fees. This is recorded as a fee deposit payable on the financial statements.

In 2024, the District adopted the Third Amended and Restated Resolution Imposing Fees for Maintenance Services and Recreational Facilities (the “Fee Resolution”). To defray the cost of the services provided by the District including landscape maintenance, snow removal, park and recreation services, covenant enforcement, and design review, the District imposed a Service Fee on all lots and tracts within the District. The Service Fee was set as follows: \$150 per month per single family lot upon which a dwelling structure has been constructed and has received a certificate of occupancy (“CO”); \$63 per month for each multifamily unit which has a CO; \$100 per month based on the number of dwelling units allowed on each lot or tract under the applicable plat for vacant lots or parcels (or parts thereof) platted for uses other than single family. The change in fees was effective as of January 1, 2024. At the closing date for each unit, the District collects 3 months of fees and holds 2 months for any future underpayment of fees. This is recorded as a fee deposit payable on the financial statements.

Development Fees

Effective on December 7, 2005, the District set a development fee to be charged on property within the District. The fee is a minimum of \$3,500 per unit on each residential unit to be constructed, payable at the time a building permit is approved by Douglas County. During the year ended December 31, 2025, no development fees were collected.

Lincoln Creek Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 12 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets	\$ 3,551,255
Accrued interest on bonds	(12,328)
Bonds payable	(5,360,000)
Developer advances payable	(251,060)
Total	<u>\$ (2,072,133)</u>

- Capital improvements used in governmental activities are not financial resources and, therefore, not reported in the funds.
- Long-term liabilities such as bonds payable and accrued interest on bonds are not due and payable in the current period and, therefore, are not in the funds.

Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest	\$ 6,729
Bond principal	(140,000)
Total	<u>\$ (133,271)</u>

- Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or capitalized and depreciated over their useful lives.
- Governmental funds report long-term debt repayments as expenditures; however, the bonds and developer advances are reflected as a liability in the government-wide financial statements, and proceeds/repayments are reported as changes to the liability.
- Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the government-wide Statement of Activities.

Supplemental Information

Lincoln Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Bond interest paid	\$ 151,800	\$ 151,800	\$ -
Bond principal paid	140,000	140,000	-
Paying agent fees	500	-	500
Treasurer's fees	3,431	3,452	(21)
Total expenditures	<u>295,731</u>	<u>295,252</u>	<u>479</u>
General revenues			
Property taxes	228,704	230,059	1,355
Specific ownership taxes	13,722	17,723	4,001
Interest income and miscellaneous	4,000	53	(3,947)
Total revenues	<u>246,426</u>	<u>247,835</u>	<u>1,409</u>
Excess/(deficiency) of revenues over expenditures and net changes in fund balances	(49,305)	(47,417)	1,888
Fund balances			
Beginning of year	266,871	265,330	(1,541)
End of year	<u>\$ 217,566</u>	<u>\$ 217,913</u>	<u>\$ 347</u>

Note: The accompanying notes are an integral part of these financial statements.

Lincoln Creek Metropolitan District
Summary 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 for General Fund	Mills Levied for Debt Service Fund	Total Property Taxes:		Percent Collected to Levied
				Levied	Collected	
2015	\$ 1,262,110	10.000	50.000	\$ 75,727	\$ 75,727	100.00%
2016	\$ 2,140,650	10.000	50.000	\$ 128,439	\$ 128,444	100.00%
2017	\$ 2,167,270	10.000	50.000	\$ 130,036	\$ 130,037	100.00%
2018	\$ 2,931,080	10.000	52.079	\$ 181,959	\$ 181,937	99.99%
2019	\$ 2,879,950	10.000	52.662	\$ 180,463	\$ 180,486	100.01%
2020	\$ 4,202,050	10.000	53.206	\$ 265,595	\$ 265,554	99.98%
2021	\$ 6,381,620	10.000	54.840	\$ 413,784	\$ 413,794	100.00%
2022	\$ 8,759,050	13.500	34.000	\$ 416,055	\$ 415,864	99.95%
2023	\$ 8,635,030	9.030	31.500	\$ 349,978	\$ 349,952	99.99%
2024	\$ 10,893,600	9.179	23.000	\$ 350,545	\$ 354,266	101.06%
2025	\$ 10,890,680	9.179	21.000	\$ 328,670	\$ 328,656	100.00%
Estimated for calendar year ending December 31,						
2026	\$ 10,578,970	9.179	21.000	\$ 319,262		

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

Note: The accompanying notes are an integral part of these financial statements.