

**NORTHERN COMMERCE
METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2025



TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	I
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements:	
Governmental Funds	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances-	
Governmental Funds.....	4
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities.....	5
General Fund - Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	6
Notes to Financial Statements.....	7
SUPPLEMENTAL INFORMATION	
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	19
Capital Projects Fund - Schedule of Revenues, Expenditures and Changes	
in Fund Balance - Budget and Actual	20
Schedule of Debt Service Requirements to Maturity	21
Summary of Assessed Valuation, Mill Levy and	
Property Taxes Collected.....	22



Independent Auditors' Report

Members of the Board of Directors
Northern Commerce Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Northern Commerce Metropolitan District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section, 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 supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Haynie", with a stylized, cursive script.

Littleton, Colorado
July 29, 2026

BASIC FINANCIAL STATEMENTS

NORTHERN COMMERCE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities
ASSETS	
Cash	375,503
Investments - restricted	116,675
Receivable - County Treasurer	1,115
Property taxes receivable	363,049
Total assets	<u>856,342</u>
LIABILITIES	
Accounts payable	46,778
Accrued note interest payable	6,317
Noncurrent liabilities:	
Due in one year	150,000
Due in more than one year	2,060,000
Total liabilities	<u>2,263,095</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenues	363,049
Total liabilities and deferred inflows of resources	<u>2,626,144</u>
NET POSITION	
Restricted for:	
Emergency reserves	2,022
Debt service	395,191
Unrestricted (deficit)	(2,167,015)
Total net position (deficit)	<u><u>\$ (1,769,802)</u></u>

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 66,448	\$ -	\$ -	\$ -	\$ (66,448)
Interest and related costs on long-term debt	81,304	-	-	-	(81,304)
	<u>\$ 147,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(147,752)</u>
General revenues:					
Property taxes					302,986
Specific ownership taxes					15,543
Net investment income					1,743
Total general revenues					<u>320,272</u>
Change in net position					172,520
Net position (deficit) - Beginning					<u>(1,942,322)</u>
Net position (deficit) - Ending					<u>\$ (1,769,802)</u>

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 97,850	\$ 277,653	\$ -	\$ 375,503
Investments - restricted	-	116,675	-	116,675
Receivable from County	252	863	-	1,115
Property taxes receivable	85,267	277,782	-	363,049
TOTAL ASSETS	<u>\$ 183,369</u>	<u>\$ 672,973</u>	<u>\$ -</u>	<u>\$ 856,342</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	46,778	-	-	46,778
Total liabilities	<u>46,778</u>	<u>-</u>	<u>-</u>	<u>46,778</u>
DEFERRED INFLOW OF RESOURCES				
Property tax revenue	85,267	277,782	-	363,049
Total liabilities & deferred inflows	<u>132,045</u>	<u>277,782</u>	<u>-</u>	<u>409,827</u>
FUND BALANCES				
Restricted for:				
Emergency reserves (TABOR)	2,022	-	-	2,022
Debt service	-	395,191	-	395,191
Unassigned	49,302	-	-	49,302
Total fund balances	<u>51,324</u>	<u>395,191</u>	<u>-</u>	<u>446,515</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 183,369</u>	<u>\$ 672,973</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities, including bonds payable, are not due and payable in the current period				
and, therefore, are not reported in the funds.				
Note payable				(2,210,000)
Accrued note interest payable				(6,317)
Net position (deficit) of governmental activities				<u>\$ (1,769,802)</u>

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 68,475	\$ 234,511	\$ -	\$ 302,986
Specific ownership taxes	3,513	12,031	-	15,543
Net investment income (losses)	394	1,349	-	1,743
Total revenues	<u>72,382</u>	<u>247,891</u>	<u>-</u>	<u>320,272</u>
EXPENDITURES				
Current				
Accounting	30,200	-	-	30,200
Auditing	3,700	-	-	3,700
Legal	14,519	-	-	14,519
Rent	10,000	-	-	10,000
Dues and memberships	-	-	-	-
County Treasurer's fees	1,062	3,637	-	4,699
Insurance and bonds	2,340	-	-	2,340
Miscellaneous	990	942	-	1,932
Debt service				
Bond interest	-	80,777		80,777
Bond principal	-	145,000	-	145,000
Total expenditures	<u>62,811</u>	<u>230,356</u>	<u>-</u>	<u>293,166</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>9,571</u>	<u>17,535</u>	<u>-</u>	<u>27,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,571	17,535	-	27,106
FUND BALANCES - BEGINNING OF YEAR	<u>41,753</u>	<u>377,656</u>	<u>-</u>	<u>419,409</u>
FUND BALANCES - END OF YEAR	<u>\$ 51,324</u>	<u>\$ 395,191</u>	<u>\$ -</u>	<u>\$ 446,515</u>

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

**NORTHERN COMMERCE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025**

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

Net changes in fund balances-Total governmental funds	\$ 27,106
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:	
Current year bond principal payment	145,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest on bonds payable	<u>414</u>
Change in net position of governmental activities	<u><u>\$ 172,520</u></u>

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

**NORTHERN COMMERCE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2025**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 69,155	\$ 68,475	\$ (680)
Specific ownership taxes	2,400	3,513	1,113
Net investment income (loss)	600	394	(206)
Facility fees	60,000	-	(60,000)
Total revenues	<u>132,155</u>	<u>72,382</u>	<u>(59,773)</u>
EXPENDITURES			
Current			
Accounting	52,000	30,200	21,800
Auditing	-	3,700	(3,700)
County Treasurer's fees	750	1,062	(312)
Directors' fees	300	10,000	(9,700)
Dues and memberships	1,050	-	1,050
Insurance and bonds	3,200	2,340	860
Legal services	12,000	14,519	(2,519)
Miscellaneous	700	990	(290)
Contingency	7,200	-	7,200
Total expenditures	<u>77,200</u>	<u>62,811</u>	<u>14,389</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>54,955</u>	<u>9,571</u>	<u>(45,384)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(92,000)	-	92,000
Total other financing sources (uses)	<u>(92,000)</u>	<u>-</u>	<u>92,000</u>
NET CHANGE IN FUND BALANCE	(37,045)	9,571	<u>\$ 46,616</u>
FUND BALANCE - BEGINNING OF YEAR	<u>50,202</u>	<u>41,753</u>	
FUND BALANCE - END OF YEAR	<u>\$ 13,157</u>	<u>\$ 51,324</u>	

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 - DEFINITION OF REPORTING ENTITY

Northern Commerce Metropolitan District (District), a quasi-municipal corporation, was organized on November 10, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Commerce City (City) on September 20, 2004. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, transportation, television relay and translator, mosquito control, water facilities, sanitary sewer, and storm drainage.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, other taxes and interest income.

The Debt Service Fund accounts for the resources that are restricted, committed or assigned for principal and interest on long-term general obligation debt of the governmental funds, as well as financial resources being accumulated for future debt service.

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The District's cash and investments include 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.

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 to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Capital Assets

Capital assets, which include infrastructure assets (e.g. road, bridges, sidewalks, and similar items), are reported in the applicable governmental activity column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt is reported gross.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds

The fund balances for the District’s governmental funds are displayed in up to five components:

Nonspendable – amounts that are not in a spendable form or are required to be maintained intact.

Restricted – amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. Restricted fund balance consists of the following:

- Emergency Reserves of \$2,022 have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).
- The restricted fund balance in the Debt Service Fund in the amount of \$395,191 is to be used exclusively for the payment of future general obligation note principal, interest and related costs.

Committed – amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District’s Board. There is no committed fund balance for the year ended December 31, 2025.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Assigned fund balance in the capital projects fund consists of amounts encumbered for subsequent year expenditures. There is no assigned fund balance for the year ended December 31, 2025.

Unassigned – the residual classification for the General Fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025**

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Deposit with financial institution	<u>\$ 375,503</u>
Total cash and investments	<u>\$ 375,503</u>

Deposits with Financial Institutions

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

Investments

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

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

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

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

Investment	Maturity	Fair Value
Federated Treasury Money Market Fund	Less than 1 year	<u>\$ 116,675</u>

Fair Value Measurement and Application

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; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds and money market funds.

Federated Treasury Money Market Fund

The debt service money that was included in the trust accounts at United Missouri Bank (UMB) was invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations which are fully guaranteed as to principal and interest by the United States of America, with maturities of 12 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poors. These funds are valued using Level 1 inputs.

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2025</u>	<u>Due Within One Year</u>
2017 G.O. Bonds	\$ 2,355,000	\$ -	\$ 145,000	\$ 2,210,000	\$ 150,000
	<u>\$ 2,355,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 2,210,000</u>	<u>\$ 150,000</u>

2017 General Obligation Bonds

The general obligation bonds of \$3,380,000 issued in 2017 were used to refund the 2014 General Obligation Bonds and provided \$807,462 of funds for capital projects. The bonds are subject to mandatory sinking fund redemption every December 1 in increasing amounts through maturity. The interest rate on the note is 3.43% per annum and the bonds will mature on December 1, 2037. The resultant benefit to the district, besides funding of new improvements, was to consolidate and extend the debt service for the term of 20 years.

The bonds are secured by the Pledged Revenues and all moneys and earnings thereon held in the Funds or accounts created under the terms of the Indenture of Trust dated November 1, 2017, between the District and UMB, as trustee. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy remitted to the District. During 2025, the District collected pledged revenues of \$246,542, of which, \$225,777 was applied to the bond interest and principal payment.

Prior to the time when the debt to assessed ratio is less than 50%, the District is required to impose a mill levy sufficient to pay principal and interest on the bonds as they come due, but not less than 41.500 mills or more than 50.000 mills on the assessed valuation of the District. Since 2016, the District has not been subjected to this limitation and the assessed ratio has been less than 41.500 mills.

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The maximum adjusted mill levy the District can impose for debt service is 50.000 mills. During 2025, the District collected taxes based on a mill levy of 31.000 mills, 7.000 for operations and 24.000 for debt service. At December 31, 2025, the District levied 31.367 mills for collections in 2026: 7.367 mills for operations and 24.000 mills for debt service.

Outstanding bond principal and interest mature as follows:

	Principal	Interest	Total
2026	\$ 150,000	\$ 75,803	\$ 225,803
2027	155,000	70,658	225,658
2028	160,000	65,342	225,342
2029	170,000	59,854	229,854
2030	175,000	54,023	229,023
2031-2035	960,000	176,474	1,136,474
2036-2037	440,000	18,951	458,951
	<u>\$ 2,210,000</u>	<u>\$ 521,103</u>	<u>\$ 2,731,103</u>

Debt Authorization

On November 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$46,422,040 at an interest rate not to exceed 18% per annum.

	Authorized November 11, 2004 Election	Amount Used by prior debt issuances	Authorization Used, Series 2017 Bonds	Remaining at December 31, 2025
Street improvements	\$ 10,461,400	\$ 242,524	\$ 1,573,703	\$ 8,645,173
Safety protection	932,600	9,952	9,047	913,601
Water	3,367,100	73,242	305,312	2,988,546
Sanitation	2,794,700	18,629	564,400	2,211,671
Parks and recreation	2,273,200	-	-	2,273,200
Public transportation	2,092,280	-	-	2,092,280
TV relay	793,160	-	-	793,160
Mosquito control	396,580	-	-	396,580
Operations	200,000	-	-	200,000
Bond refunding	23,111,020	-	5,172,538	17,938,482
	<u>\$ 46,422,040</u>	<u>\$ 344,347</u>	<u>\$ 7,625,000</u>	<u>\$ 38,452,693</u>

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (continued)

The service plan limits the District's debt service mill levy to a maximum mill levy of 50.000 mills provided, however, that in the event the method of calculating the assessed valuation is changed after the date of the approved service plan, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes.

NOTE 5- RELATED PARTIES

Under the Service Plan, the organizer of the District was Southwestern Investment Group, LLC (SWIG), a Colorado limited liability company. The Developers of the land within the District are SW North Range, LLC, SW 104th, LLC, SW Buckley, LLC and SW Chambers, LLC, Colorado limited liability companies, affiliates of SWIG. For purposes of this audit, references to the Developers shall include all four LLCs. The current members of the Board of Directors of the District are owners or associated with the Developers or its management and may have conflicts of interest in dealing with the District.

An affiliate of the Developers, Southwestern Property Corp. (SWPC) provided accounting services and leased office space to the District in 2025 for total fees of \$40,200.

On October 11, 2021, additional land was annexed into the District for a commercial project being developed by Potomac Investors, LLC, which is a related entity.

NOTE 6 - NET POSITION

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

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$397,213 as of December 31, 2025, as follows:

Restricted Net Position:	
Emergency reserves	\$ 2,022
Debt service	395,191
	<u>\$397,213</u>

The District's unrestricted net position (deficit) as of December 31, 2025, totaled \$(2,167,015). This deficit amount was a result of the District being responsible for the repayment of debt and developer advances for public improvements conveyed to other governmental entities.

NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) 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 two 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 8 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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.

On November 7, 2006, District voters authorized the District to increase property taxes \$750,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

**NORTHERN COMMERCE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025**

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

SUPPLEMENTAL INFORMATION

**NORTHERN COMMERCE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2025**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 237,104	\$ 234,511	\$ (2,593)
Specific ownership taxes	16,000	12,031	(3,969)
Interest income	800	1,349	549
Total revenues	<u>253,904</u>	<u>247,891</u>	<u>(6,013)</u>
EXPENDITURES			
County Treasurer's fee	4,300	3,637	663
Audit	15,000	-	15,000
Principal paid	145,000	145,000	-
Interest expense	80,777	80,777	1
Miscellaneous	1,000	942	58
Contingency	10,023	-	10,023
Total expenditures	<u>256,100</u>	<u>230,356</u>	<u>25,744</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,196)</u>	<u>17,535</u>	<u>19,731</u>
NET CHANGE IN FUND BALANCE	(2,196)	17,535	<u>\$ 19,731</u>
FUND BALANCE - BEGINNING OF YEAR	<u>379,375</u>	<u>377,656</u>	
FUND BALANCE - END OF YEAR	<u>\$ 377,179</u>	<u>\$ 395,191</u>	

**NORTHERN COMMERCE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2025**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Revenues	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	<u><u>\$ -</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

**NORTHERN COMMERCE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2025**

\$3,380,000

Limited Tax General Obligation Bonds

Series 2017

Dated June 1, 2017

Principal Due December 1

Interest Rate 3.43% Payable

June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 150,000	\$ 75,803	\$ 225,803
2027	155,000	70,658	225,658
2028	160,000	65,342	225,342
2029	170,000	59,854	229,854
2030	175,000	54,023	229,023
2031	180,000	48,020	228,020
2032	185,000	41,846	226,846
2033	190,000	35,501	225,501
2034	200,000	28,984	228,984
2035	205,000	22,124	227,124
2036	215,000	15,092	230,092
2037	225,000	3,859	228,859
	<u><u>\$ 2,210,000</u></u>	<u><u>\$ 521,103</u></u>	<u><u>\$ 2,731,103</u></u>

**NORTHERN COMMERCE 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 Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt Service	Levied	Collected	
2021	\$ 7,974,980	2.000	29.000	\$ 247,224	\$ 211,177	85.42%
2022	\$ 8,971,500	3.000	28.000	\$ 278,118	\$ 280,192	100.75%
2023	\$ 8,643,880	3.000	28.000	\$ 267,961	\$ 268,359	100.15%
2024	\$ 10,307,680	5.000	26.000	\$ 319,538	\$ 311,578	97.51%
2025	\$ 9,879,320	7.000	24.000	\$ 349,806	\$ 302,986	86.62%
Estimated for the year ending December 31, 2026	\$ 11,574,230	7.367	24.000	\$ 363,049		