

NEWLIN CROSSING METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Newlin Crossing Metropolitan District  
Douglas County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Newlin Crossing 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 each major fund of 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### Required Supplemental Information

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

#### 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 as a whole. The Supplemental Information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

Castle Pines, Colorado  
January 12, 2026

**NEWLIN CROSSING METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2024

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and investments	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500
Cash and investments - restricted	1,770	1,619,619	\$ 7,639,542	9,260,931	-	9,260,931
Receivable - County Treasurer	98	-	-	98	-	98
Property taxes receivable	17,582	160,819	-	178,401	-	178,401
Receivable - Developer	1,847	-	-	1,847	(1,847)	-
Prepaid expenses	250	-	-	250	-	250
Capital assets not being depreciated	-	-	-	-	7,286,912	7,286,912
Capital assets, net of accumulated depreciation	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 24,047</u>	<u>\$ 1,780,438</u>	<u>\$ 7,639,542</u>	<u>\$ 9,444,027</u>	<u>7,285,065</u>	<u>16,729,092</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 6,465	\$ -	\$ 20,130	\$ 26,595	-	26,595
Accrued interest on bonds	-	-	-	-	73,231	73,231
Long-term liabilities:						
Due in more than one year	-	-	-	-	17,220,079	17,220,079
<b>Total Liabilities</b>	<u>6,465</u>	<u>-</u>	<u>20,130</u>	<u>26,595</u>	<u>17,293,310</u>	<u>17,319,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	17,582	160,819	-	178,401	-	178,401
<b>Total Deferred Inflows of Resources</b>	<u>17,582</u>	<u>160,819</u>	<u>-</u>	<u>178,401</u>	<u>-</u>	<u>178,401</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	250	-	-	250	(250)	-
Restricted:						
Emergencies	1,770	-	-	1,770	(1,770)	-
Debt service	-	1,619,619	-	1,619,619	(1,619,619)	-
Capital projects	-	-	7,619,412	7,619,412	(7,619,412)	-
Unassigned	(2,020)	-	-	(2,020)	2,020	-
<b>Total Fund Balances</b>	<u>-</u>	<u>1,619,619</u>	<u>7,619,412</u>	<u>9,239,031</u>	<u>(9,239,031)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balances</b>	<u>\$ 24,047</u>	<u>\$ 1,780,438</u>	<u>\$ 7,639,542</u>	<u>\$ 9,444,027</u>		
Net Position:						
Restricted for:						
Emergencies					1,770	1,770
Debt service					1,546,388	1,546,388
Capital projects					7,619,412	7,619,412
Unrestricted					(9,936,784)	(9,936,784)
<b>Total Net Position</b>					<u>\$ (769,214)</u>	<u>\$ (769,214)</u>

The notes to the financial statements are an integral part of these statements.

**NEWLIN CROSSING METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting and Audit	\$ 7,848	\$ -	\$ -	\$ 7,848	\$ -	\$ 7,848
Management	5,670	-	-	5,670	-	5,670
Insurance	3,550	-	-	3,550	-	3,550
Legal	18,649	-	-	18,649	-	18,649
Miscellaneous expenses	600	-	-	600	-	600
Treasurer's fees	225	-	-	225	-	225
Bond principal	-	-	-	-	-	-
Bond interest expense	-	31,133	-	31,133	73,231	104,364
Bond issuance costs	-	-	560,836	560,836	-	560,836
Capital improvements	-	-	7,286,912	7,286,912	(7,286,912)	-
Repay developer advances - interest	-	-	-	-	61,147	61,147
<b>Total Expenditures</b>	<u>36,542</u>	<u>31,133</u>	<u>7,847,748</u>	<u>7,915,423</u>	<u>(7,152,534)</u>	<u>762,889</u>
<b>GENERAL REVENUES</b>						
Property taxes	14,999	-	-	14,999	-	14,999
Specific ownership taxes	1,095	-	-	1,095	-	1,095
<b>Total General Revenues</b>	<u>16,094</u>	<u>-</u>	<u>-</u>	<u>16,094</u>	<u>-</u>	<u>16,094</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(20,448)</u>	<u>(31,133)</u>	<u>(7,847,748)</u>	<u>(7,899,329)</u>	<u>7,152,534</u>	<u>(746,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	11,161,000	11,161,000	(11,161,000)	-
Developer Advance	13,753	-	5,956,912	5,970,665	(5,970,665)	-
Transfers in/(out)	-	1,650,752	(1,650,752)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>13,753</u>	<u>1,650,752</u>	<u>15,467,160</u>	<u>17,131,665</u>	<u>(17,131,665)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(6,695)</u>	<u>1,619,619</u>	<u>7,619,412</u>	<u>9,232,336</u>	<u>(9,232,336)</u>	
<b>CHANGE IN NET POSITION</b>					<u>(746,795)</u>	<u>(746,795)</u>
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	<u>6,695</u>	<u>-</u>	<u>-</u>	<u>6,695</u>	<u>(29,114)</u>	<u>(22,419)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 1,619,619</u>	<u>\$ 7,619,412</u>	<u>\$ 9,239,031</u>	<u>\$ (10,008,245)</u>	<u>\$ (769,214)</u>

The notes to the financial statements are an integral part of these statements.

# NEWLIN CROSSING METROPOLITAN DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 14,624	\$ 14,999	\$ 375
Specific ownership taxes	<u>964</u>	<u>1,095</u>	<u>131</u>
Total Revenues	<u>15,588</u>	<u>16,094</u>	<u>506</u>
<b>EXPENDITURES</b>			
Accounting and Audit	3,500	7,848	(4,348)
Management	6,500	5,670	830
Election expense	-	-	-
Insurance	3,500	3,550	(50)
Legal	15,000	18,649	(3,649)
General admin	1,500	-	1,500
Miscellaneous expenses	500	600	(100)
Engineering	5,000	-	5,000
Treasurer's fees	219	225	(6)
Contingency	21,161	-	21,161
Emergency reserve	<u>915</u>	<u>-</u>	<u>915</u>
Total Expenditures	<u>57,795</u>	<u>36,542</u>	<u>21,253</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(42,207)</u>	<u>(20,448)</u>	<u>21,759</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	<u>42,207</u>	<u>13,753</u>	<u>(28,454)</u>
Total Other Financing Sources (Uses)	<u>42,207</u>	<u>13,753</u>	<u>(28,454)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(6,695)	(6,695)
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>-</u>	<u>6,695</u>	<u>6,695</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Newlin Crossing Metropolitan District, located in the Town of Parker (the “Town”), Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

Newlin Crossing Metropolitan District (“the District”) was organized as a quasi-municipal corporation established under the State of Colorado Special District Act on December 2, 2021, in accordance with a Service Plan approved by the Town. The District was established to provide for the planning, design, financing, acquisition, construction, installation, operation, maintenance, repair and replacement of street, traffic and safety protection, water, sanitation, mosquito control, park and recreation, and solid waste disposal improvements and facilities within the boundaries of the District to serve the future taxpayers and inhabitants of the District. The District also has the power and authority to provide covenant enforcement and design review services, each subject to the limitations of the Special District Act. The District's primary source of revenues is developer advances. The District is governed by an elected Board of Directors.

As required by 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 GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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. The District has no component units as defined by the GASB.

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

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements

December 31, 2024

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

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 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.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

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 all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

**Capital Projects Fund** – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

#### Assets, Liabilities and Net Position

##### 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 at December 31, 2024, 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.

#### 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.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements

December 31, 2024

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. 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.

#### 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.

#### Deferred Outflows/Inflows 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.

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 type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 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. Land and certain landscaping improvements are not depreciated.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements

December 31, 2024

#### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

#### 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 balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$250 represents prepaid expenditures.

#### Restricted Fund Balance

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

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements

December 31, 2024

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,770 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,619,619 is restricted for the payment of the debt service costs (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$7,619,412 is restricted for the payment of the costs for capital improvements within the District.

#### Committed Fund Balance

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

#### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

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.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

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.

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.

Note 2: Cash and Investments

As of December 31, 2024, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 2,500
Cash and investments - restricted	<u>9,260,931</u>
Total	\$ <u>9,263,431</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 4,270
Morgan Stanley Treasury Portfolio	<u>9,259,161</u>
	\$ <u>9,263,431</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

#### Investments

##### Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

##### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

##### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

##### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

##### Morgan Stanley Treasury Portfolio

The District's funds that were included in the trust accounts at UMB Bank were invested in the Morgan Stanley Treasury Portfolio ("Portfolio"). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 15 days or less. As of December 31, 2024, the District has \$9,259,161 invested in the fund.

#### Note 3: Capital Assets

The following is a description of the capital assets construction by the District as of December 31, 2024:

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Governmental Type Activities:	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ -	\$ 7,286,912	\$ -	\$ 7,286,912
Total capital assets not being depreciated	-	7,286,912	-	7,286,912
Government type assets, net	\$ -	\$ 7,286,912	\$ -	\$ 7,286,912

There was no depreciation expense during the year ended December 31, 2024 and all assets will be conveyed to the City of Parker upon completion. The District will not be responsible for any maintenance of such assets.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

\$8,020,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2024A and \$1,811,000 Subordinate Limited Tax General Obligation Bonds, Series 2024B

On November 5, 2024 the District issued \$8,020,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2024A (“Series 2024A Bonds”) and \$1,811,000 Subordinate Limited Tax General Obligation Bonds, Series 2024B (“Series 2024B Bonds”) for the purpose of financing or reimbursing a portion of the costs of acquiring, constructing and/or installing certain public infrastructure to serve the District, funding the Senior Reserve and funding a portion of the interest to accrue on the Series 2024A Bonds and paying for the costs of issuance. The Series 2024A Bonds bear interest at 5.375%, are payable semiannually on each June 1 and December 1, commencing on December 1, 2024, and mature on December 1, 2054. The Series 2024 B Bonds bear interest at the rate of 7.75%, payable annually on December 15, commencing on December 15, 2024, to the extent that Subordinate Pledged Revenue is available, and mature on December 15, 2054.

The 2024A Senior Bonds are secured by the Senior Reserve Fund, Senior Surplus Fund, and capitalized interest.

The 2024B Subordinate Bonds are structured as “cash flow” bonds meaning principal and interest are payable from the available Subordinate Pledged Revenue. In the event that any amounts of principal or interest on the Series 2024A Bonds and Series 2024B Bonds remains unpaid after application of all available Pledged Revenue on December 15, 2064, Series 2024A Bonds and Series 2024B Bonds shall be deemed discharged.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2024

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute a “2024A Event of Default” under the 2024A Senior Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or 2024A Event of Default thereunder except; The District fails or refuses to impose the Senior Required Mill Levy or the Infrastructure Capital Mill Levy or to apply the Senior Pledged Revenue as required by the 2024A Senior Indenture; On and after the Unlimited Tax Receipt Date (defined in the 2024A Senior Indenture as the first principal or interest payment occurring after the first mill levy certification by the District occurring after the Conversion Date), the District fails to pay the principal of, premium if any, or interest on the 2024A Senior Bonds when due; The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the 2024A Senior Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to the 2024A Senior Indenture; or The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2024A Senior Bonds.

The Series 2024A Bonds and the Series 2024B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<b><u>Date of Redemption</u></b>	<b><u>Redemption Premium</u></b>
December 1, 2029 to November 30, 2030	3.00%
December 1, 2030 to November 30, 2031	2.00
December 1, 2031 to November 30, 2032	1.00
December 1, 2032 and thereafter	0.00

**\$1,330,000 Junior Lien Limited Tax General Obligation Bonds, Series 2024C**

On November 5, 2024 the District issued \$1,330,000 Junior Lien Limited Tax General Obligation Bonds, Series 2024C (“Series 2024C Bonds”) for the purpose of financing or reimbursing a portion of the costs of acquiring, constructing and/or installing certain public infrastructure to serve the District. The Series 2024C Bonds bear interest at the rate of 7.75%, payable annually on December 15, commencing on December 15, 2024, to the extent that Junior Subordinate Pledged Revenue is available, and mature on December 15, 2054. In the event that any amounts of principal or interest on the Series 2024C Bonds remains unpaid after application of all available Pledged Revenue on December 15, 2064, Series 2024A Bonds and Series 2024B Bonds shall be deemed discharged.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The following is an analysis of changes in long-term debt for the year ending December 31, 2024:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<i>General Obligation Bonds:</i>					
Series 2024A	\$ -	\$ 8,020,000	\$ -	\$ 8,020,000	\$ -
Series 2024B	-	1,811,000	-	1,811,000	-
Series 2024C	-	1,330,000	-	1,330,000	-
Total General Obligation Bonds	-	11,161,000	-	11,161,000	-
<i>Other</i>					
Developer Advance - Operating	28,639	11,906	-	40,545	-
Developer Advance - Operating Interest	475	587	-	1,062	-
Developer Advance - Capital	-	5,956,912	-	5,956,912	-
Developer Advance - Capital Interest	-	60,560	-	60,560	-
Total Other	29,114	6,029,965	-	6,059,079	-
Total	\$ 29,114	\$ 17,190,965	\$ -	\$ 17,220,079	\$ -

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2024A Bonds.

	Principal	Interest	Total
2025	\$ -	\$ 431,076	\$ 431,076
2026	-	431,076	431,076
2027	-	431,076	431,076
2028	25,000	431,076	456,076
2029	80,000	429,732	509,732
2030-2034	570,000	2,071,794	2,641,794
2035-2039	885,000	1,886,896	2,771,896
2040-2044	1,320,000	1,604,436	2,924,436
2045-2049	1,875,000	1,193,520	3,068,520
2050-2054	3,265,000	614,362	3,879,362
	\$ 8,020,000	\$ 9,525,044	\$ 17,545,044

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2024

Because of the uncertainty of timing of payments under the Series 2024B Bonds and the Series 2024C Bonds no related schedule of expected principal and interest payments is presented.

Debt Authorization

During 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$218,750,000. After the issuance of the Series 2022A Bonds and the Series 2022 B Bonds, the remaining authorization is \$213,061,000. Per the District's Service Plan, the District cannot issue debt in excess of \$21,287,500. \$15,589,500 of the Service Plan authorization remains as of December 31, 2024.

Note 5: Related Parties

All of the Board members are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

During 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Note 7: Agreements

Operations Funding Agreement.

The District and Lennar Colorado, LLC (“Lennar”) entered into a Funding and Reimbursement Agreement (Operations and Maintenance), on January 24, 2022 (the “Operations Funding Agreement”). Pursuant to the Operations Funding Agreement, Lennar agrees to loan to the District an amount not to exceed an aggregate of \$50,000 per annum (the “Annual Loan Cap”) for two years, up to \$100,000. These funds shall be advanced to the District in one or a series of installments and shall be available to the District through December 31, 2023 (the “Loan Obligation Termination Date”). Thereafter, the Loan Obligation Termination Date will automatically extend for additional one year terms unless Lennar provides written notice to the District of termination at least 30 days prior to December 31st of each year. Upon each automatic one year extension of the Loan Obligation Termination Date, Lennar agrees to advance the District one or more sums of money up to the Annual Loan Cap, and the Maximum Loan Amount shall be automatically increased upon each one year extension by the Annual Loan Cap. The Loan Obligation Termination Date has been automatically extended through December 31, 2024.

With respect to such loan advances prior to the issuance of an Operations Reimbursement Obligation (defined below) reflecting such advance, the interest rate shall be 2% per annum, simple interest. The provision for repayment of amounts due thereunder is subject to annual appropriation by the District. Upon request of Lennar, the District shall issue one or more obligations (“Operations Reimbursement Obligations”) with respect to unpaid advances. The Operations Reimbursement Obligations shall mature on a date or dates, and bear interest at a market rate, to be determined at time of issuance. The term for repayment of any Operations Reimbursement Obligations shall not extend beyond 20 years from the date of the Operations Funding Agreement. Amounts due under the Operations Funding Agreement (except to the extent converted into Operations Reimbursement Obligations) shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall they constitute a multiple fiscal year financial obligation.

Infrastructure Acquisition and Reimbursement Agreement dated October 29, 2024 between the District and Lennar Colorado, LLC.

On October 29, 2024, the District and Lennar and entered into an Infrastructure Acquisition and Reimbursement Agreement (the “Reimbursement Agreement”) pursuant to which the District agrees to reimburse Lennar for costs incurred by Lennar related to the financing, construction, installation and acquisition of certain public infrastructure improvements, as authorized by the Special District Act and the District’s Service Plan (the “Public Infrastructure”) All capitalized terms in this paragraph have the same meaning as in the Reimbursement Agreement.

## NEWLIN CROSSING METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

The Developer Reimbursement Agreement sets forth the procedures for the District's acquisition of Public Infrastructure and reimbursement to the Developer for costs related to the provision of Public Infrastructure. In the Developer Reimbursement Agreement, the District agrees to make payment to the Developer for all Certified District Eligible Costs accepted by the District pursuant to a District Acceptance Resolution (as defined therein). The parties to the Developer Reimbursement Agreement agree that no payment shall be required by the District to the Developer for Public Infrastructure constructed or acquired thereunder until the District issues bonds. The Developer Reimbursement Agreement further provides that the Developer Reimbursement Agreement shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation and that the making of any reimbursements under the Developer Reimbursement Agreement is subject to annual appropriation by the District.

#### Service Plan/Town IGA:

As required by the Service Plan, the District entered into an intergovernmental agreement with the Town dated January 24, 2022 (the Town IGA). The Town IGA provides that the District agrees to impose the Infrastructure Capital Mill Levy five (5.000) mills, subject to adjustment), and use the proceeds for planning, design, and construction of Regional Infrastructure, a Town Capital and Maintenance Mill Levy of five (5.000) mills for planning, design, construction, and maintenance of Town Infrastructure, and a Operations and Maintenance Mill Levy of up to five (5.000) mills for ongoing administrative and operating expenses of the District, and for maintenance of the Regional Infrastructure. The Town IGA requires that the proceeds of the Infrastructure Capital Mill Levy be paid by the District to the Town; however, the District is permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy provided that the proceeds generated from the pledge of the Infrastructure Capital Mill Levy are used only to pay the costs of the Regional Infrastructure (which includes the Bonds). All capitalized terms in this paragraph have the same meaning as in the Town IGA.

The Town IGA provides that the District shall not be authorized to operate and maintain any part or all of the Public Improvements, or any other improvements, public or private, or to own fee title to any real property, unless specifically provided for in an Approved Development Plan, the Town IGA or a separate agreement with the Town. The Town IGA authorizes the District to own, operate and maintain the Public Improvements not otherwise required to be dedicated to the Town or other public entity.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, *et seq.*, CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

NEWLIN CROSSING METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

**NEWLIN CROSSING METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Bond interest expense	<u>491,205</u>	<u>31,133</u>	<u>460,072</u>
Total Expenditures	<u>491,205</u>	<u>31,133</u>	<u>460,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(491,205)</u>	<u>(31,133)</u>	<u>460,072</u>
OTHER FINANCING SOURCES			
Transfers in/(out)	<u>2,455,615</u>	<u>1,650,752</u>	<u>(804,863)</u>
Total Other Financing Sources	<u>2,455,615</u>	<u>1,650,752</u>	<u>(804,863)</u>
NET CHANGE IN FUND BALANCE	1,964,410	1,619,619	(344,791)
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ 1,964,410</u>	<u>\$ 1,619,619</u>	<u>\$ (344,791)</u>

The notes to the financial statements are an integral part of these statements.

**NEWLIN CROSSING METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital improvements	14,125,885	7,286,912	6,838,973
Bond issuance costs	<u>593,500</u>	<u>560,836</u>	<u>32,664</u>
Total Expenditures	<u>14,719,385</u>	<u>7,847,748</u>	<u>6,871,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(14,719,385)</u>	<u>(7,847,748)</u>	<u>6,871,637</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	17,175,000	11,161,000	(6,014,000)
Transfers in/(out)	<u>(2,455,615)</u>	<u>(1,650,752)</u>	<u>804,863</u>
Total Other Financing Sources (Uses)	<u>14,719,385</u>	<u>15,467,160</u>	<u>747,775</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	7,619,412	7,619,412
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 7,619,412</u>	<u>\$ 7,619,412</u>

The notes to the financial statements are an integral part of these statements.

**NEWLIN CROSSING METROPOLITAN DISTRICT**

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED

December 31, 2024

(Audited)

<u>December 31,</u>	<b>Prior Year Assessed Valuation for Current Year Property Tax Levy</b>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<b>Percent Collected to Levied</b>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
		2023	\$ 2,900,060	5.000	0.000	
2024	\$ 2,924,770	5.000	0.000	\$ 14,624	\$ 14,999	102.57%
Estimated for December 31, 2025	\$ 3,516,410	5.000	45.734	\$ 178,401		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.