Northfield Metropolitan District Nos. 1 & 2

2025 Annual Report

NORTHFIELD METROPOLITAN DISTRICT NOS. 1 & 2
2025 CONSOLIDATED ANNUAL REPORT
TO
THE CITY OF FORT COLLINS, COLORADO

The Northfield Metropolitan District Nos. 1 & 2 (collectively the "**Districts**") hereby submit this annual report as required pursuant to Section VII of the Service Plan of the Districts dated October 1, 2019 (the "**Service Plan**"). The Districts are required to submit an annual report with the City of Fort Collins no later than September 1st of each calendar year, which annual report shall reflect activity and financial events of the Districts through the preceding December 31 (the "**Report Year**"). On July 21, 2021, a Resolution Declaring Inactive Status was approved for District No. 3.

Service Plan Requirements

1. A narrative summary of the progress of the Districts in implementing their service plan for the report year.

The Districts continue to make progress towards implementing their Service Plan.

2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the Districts for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operations (i.e., revenues and expenditures) for the report year.

The 2025 Audits were filed with the Colorado State Auditor and attached hereto as **Exhibit A**. The 2026 Budgets for District Nos. 1 & 2 are attached hereto as **Exhibit B**.

3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year.

District No. 1 made no capital expenditures in the report year. The capital expenditures for District No. 2 are shown on the 2026 Budget included in **Exhibit B**.

4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to Debt retirement in the report year.

As of December 31, 2024, District No. 2 had $5,810,000 in outstanding indebtedness and had paid $0.00 towards existing principal indebtedness. District #2 has paid $ $290,500.00 towards interest

District	Assessed Valuation	Total Imposed Mill Levy
District No. 1	$135	0.000
District No. 2	$8,699,833	General – 11.400 Debt – 45.600 Total – 57.000

5. The names and contact information of the current directors on the Districts' Boards, any District manager and the attorney for the Districts shall be listed in the report. The Districts' current office address, phone number, email address and any website address shall also be listed in the report.

Current Directors of District No. 1

Name	Contact Information
Jason Sherrill	jsherrill@mylandmarkhomes.net
Jonathan Mosier	jmosier@mylandmarkhomes.net
Rahul Majumdar	rmajumdar@mylandmarkhomes.net
Deborah Mosier	dmosier@ldmrkcs.com
Tamara Sherrill	tsherrillbroker@gmail.com

Current Directors of District No. 2

Name	Contact Information
Jason Sherrill	jsherrill@mylandmarkhomes.net
Jonathan Mosier	jmosier@mylandmarkhomes.net
Rahul Majumdar	rmajumdar@mylandmarkhomes.net
Deborah Mosier	dmosier@ldmrkcs.com
Michael Kappen	mpkappen@gmail.com

District Manager

Guy Johnson, District Resource, LLC
Office Address: 1927 Wilmington Drive, Suite 101, Fort Collins, CO 80547
Phone: 970-377-9989
Email: manager@northfielddistricts.com

General Counsel

Robert Rogers, Esq.,
WBA P.C.
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
Phone: 303-858-1800
Email: rrogers@wbapc.com

District Website: https://northfielddistricts.com/

6. Any other information deemed relevant by the City Council or deemed reasonably necessary by the City's manager and communicated in a timely manner to the Districts.

None requested.

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

No boundary changes were made or proposed during 2025.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The Districts did not enter into any intergovernmental agreements in the report year.

3. Access information to obtain a copy of rules and regulations adopted by the board.

The Rules and Regulation adopted by the Districts are available on the Districts' website at www.northfielddistricts.com/.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Larimer County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts' public improvements as of December 31, 2025.

5. The status of the construction of public improvements by the Districts.

- All public infrastructure has been completed. The builders are only building units at this time.
  - The builder recently completed construction of the pool and clubhouse at 962 Collamer Drive, and the facility was turned over to be managed by the Metro District district on August 1, 2026.

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

As of December 31, 2025, the Districts have not constructed any Public Improvements that have been conveyed to the City.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

District	Assessed Valuation
District No. 1	$135
District No. 2	$8,699,833

8. A copy of the current year's budget.

A copy of the 2026 Budgets are attached hereto as **Exhibit B.**

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

The final 2025 Audits were filed with the Colorado State Auditor and attached hereto as **Exhibit A.**

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

There was no notice of any uncured events of default by the Districts, which continued beyond a ninety (90) day period, under any debt instrument of which we are aware.

11. Any inability of the Districts to pay their obligations as they came due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

There was no inability of the Districts to pay its obligations as they came due, in accordance with the terms of any such obligations, which continued beyond a ninety (90) day period.

EXHIBIT A
2025 Audits

NORTHFIELD METROPOLITAN DISTRICT NO. 1

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

Board of Directors
Northfield Metropolitan District No. 1
Fort Collins, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the Northfield Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northfield Metropolitan District No. 1 as of December 31, 2025, and the respective changes in financial position and, where, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Northfield Metropolitan District No. 1 and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 judgement, 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

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 is not affected by this missing information.

John Cutler & Associates, LLC

July 28, 2026

NORTHFIED METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION
As of December 31, 2025

	Governmental Activities	
	2025	2024
ASSETS		
Resticted Cash and Investments	$ 78,433	$ 29,289
Accounts Receivable	-	53,095
TOTAL ASSETS	78,433	82,384
LIABILITIES		
Accounts Payable	9,269	-
Noncurrent Liabilities		
Due within One Year	250,000	250,000
Due in More than One Year	-	-
TOTAL LIABILITIES	259,269	250,000
NET POSITION		
Reserved for Emergencies	9,400	4,900
Unrestricted	(190,236)	(172,516)
TOTAL NET POSITION	$ (180,836)	$ (167,616)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	Governmental Activities	
	2025	2024
EXPENSES		
Governmental Activities		
General Government	$ 326,969	$ 195,732
TOTAL EXPENSES	326,969	195,732
REVENUES		
GENERAL REVENUES		
Charges for Services	313,749	164,821
TOTAL REVENUES	313,749	164,821
CHANGE IN NET POSITION	(13,220)	(30,911)
NET POSITION, Beginning	(167,616)	(136,705)
NET POSITION, Ending	$ (180,836)	$ (167,616)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2025

	GENERAL FUND	
	2025	2024
ASSETS		
Cash and Investments	$ 78,433	$ 29,289
Accounts Receivable	-	53,095
TOTAL ASSETS	$ 78,433	$ 82,384
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY		
Accounts Payable	$ 9,269	$ -
TOTAL LIABILITIES	9,269	-
FUND EQUITY		
Fund Balance		
Restricted for Emergencies	9,400	4,900
Unassigned	59,764	77,484
TOTAL FUND EQUITY	69,164	82,384
Amounts reported for governmental activities in the statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are the developer advances.	(250,000)	(250,000)
Net Position of governmental activities	$ (180,836)	$ (167,616)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND	
	2025	2024
REVENUES		
Charges for Services	$ 313,749	$ 164,821
TOTAL REVENUES	313,749	164,821
EXPENDITURES		
Current		
General Government	326,969	195,732
TOTAL EXPENDITURES	326,969	195,732
EXCESS OF REVENUES OVER (UNDER) EXPENSES	(13,220)	(30,911)
OTHER FINANCING SOURCES (USES)		
Developer Advances	-	80,000
TOTAL OTHER FINANCING SOURCES (USES)	-	80,000
NET CHANGE IN FUND BALANCES	(13,220)	49,089
FUND BALANCES, Beginning	82,384	33,295
FUND BALANCES, Ending	$ 69,164	$ 82,384

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - 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	$	(13,220)
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.		-
Change in Net Position of Governmental Activities	$	(13,220)

See the accompanying independent auditors' report.

BASIC FINANCIAL STATEMENTS

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Northfield Metropolitan District No. 1 was formed to provide public services and improvements for the District and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the constituents.

The accounting policies of the Northfield Metropolitan District No. 1 (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the Northfield Metropolitan District No. 1 has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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.*

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental fund:

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District has no capital assets as of December 31, 2025.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

Deferred Outflows/Inflows of Resources (Continued)9

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- <u>Restricted</u> – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted by the State Constitution for declared emergencies.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Net Position/Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

  The District did not have any committed resources as of December 31, 2025.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Property Taxes

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

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

- On or before October 15th, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

Legal Compliance

The actual expenditures of the General Fund exceeded the budgeted amount by $155,993. This may be a violation of State statutes.

NOTE 3: ***CASH AND INVESTMENTS***

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $78,433. The bank balances with the financial institutions were $88,084. All of these balances were covered by federal depository insurance. The negative cash balance is reported as accounts payable in the financial statements.

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The District has no investments requiring categorization as of December 31, 2025.

NOTE 4: ***LONG-TERM DEBT***

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due In One Year
Developer Note	$ 250,000	$ -	$ -	$ 250,000	$ 250,000
Total	**$ 250,000**	**$ -**	**$ -**	**$ 250,000**	**$ 250,000**

Developer Note

On November 30, 2020, the District entered into a Funding and Reimbursement Agreement (the "Agreement") with Northfield Land, LLC (the "Developer") to advance funds to the District for administration, operations and maintenance costs. Pursuant to the Agreement, the District made a note to the Developer further evidencing the District's obligation to make repayment of all amounts borrowed from the Developer. The agreement will continue until fully performed or terminated by mutual agreement of the parties. The District will reimburse the Developer for advances to the extent it has funds available from the imposition of its mill levy and other sources of District revenue after payment of its annual debt service obligation and annual operations and maintenance expenses. The interest rate on this note is 6.25%.

NOTE 5: ***RELATED PARTIES***

All of the members of the Board of Directors are either investors in the Developer, or otherwise affiliated with the Developer. The District owes the Developer $250,000 in note principal as of December 31, 2025.

NOTE 6: ***RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in the last year.

NOTE 7: ***DEBT AUTHORIZATION***

On October 1, 2019, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness as follows:

- An amount not to exceed $16,000,000 at an interest rate not to exceed 12% per annum, for providing public improvements; and

The District's Service Plan includes a debt authorization limit of $16,000,000.

As of December 31, 2025, the amount of debt authorized but unissued was $9,325,000. The District intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 8: ***DEFICIT NET POSITION***

As of December 31, 2025, the District had a government-wide net position deficit of $180,836. This deficit is expected to decrease as the District pay off the developer advance.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending, as required by the Amendment. At December 31, 2025, the emergency reserve of $9,400 was recorded in the General Fund.

NOTE 10: ***SUBSEQUENT EVENTS***

The District has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

NORTHFIELD METROPOLITAN DISTRICT NO. 1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025 ORIGINAL AND FINAL BUDGET	2025 ACTUAL	2025 VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Charges for Services	$ 170,976	$ 313,749	$ 142,773	$ 164,821
TOTAL REVENUES	170,976	313,749	142,773	164,821
EXPENDITURES				
Current				
General Government				
Accounting and Administration	27,900	28,900	(1,000)	20,450
District Management	14,400	14,400	-	12,000
Engineering	-	4,849	(4,849)	15,196
Office and Other	7,200	6,795	405	11,141
Repairs and Maintenance	65,451	168,738	(103,287)	56,559
Insurance	2,896	4,902	(2,006)	2,076
Legal	25,000	31,494	(6,494)	29,707
Utilities	23,000	66,891	(43,891)	48,603
Contingency	5,129	-	5,129	-
TOTAL EXPENDITURES	170,976	326,969	(155,993)	195,732
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(13,220)	(13,220)	(30,911)
OTHER FINANCING SOURCES (USES)				
Developer Advances	-	-	-	80,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	80,000
CHANGE IN FUND BALANCES	-	(13,220)	(13,220)	49,089
FUND BALANCE, Beginning	-	82,384	82,384	33,295
FUND BALANCE, Ending	$ -	$ 69,164	$ 69,164	$ 82,384

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 2

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

Board of Directors
Northfield Metropolitan District No. 2
Fort Collins, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the Northfield Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northfield Metropolitan District No. 2 as of December 31, 2025, and the respective changes in financial position, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Northfield Metropolitan District No. 2 and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 judgement, 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

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 is not affected by this missing information.

John Cutler & Associates, LLC

July 29, 2026

BASIC FINANCIAL STATEMENTS

NORTHFIED METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION
As of December 31, 2025

	Governmental Activities	
	2025	2024
ASSETS		
Resticted Cash and Investments	$ 833,859	$ 788,276
Accounts Receivable	5,223	6,424
Property Taxes Receivable	495,890	276,961
Capital Assets, Not Depreciated	4,883,584	4,883,584
TOTAL ASSETS	6,218,556	5,955,245
LIABILITIES		
Accrued Interest	14,807	-
Noncurrent Liabilities		
Due within One Year	60,000	60,000
Due in More than One Year	6,675,000	6,675,000
TOTAL LIABILITIES	6,749,807	6,735,000
DEFERRED INFLOW OF RESOURCES		
Deferred Property Tax Revenue	495,890	276,961
NET POSITION		
Reserved for Emergencies	9,600	10,500
Unrestricted	(1,036,741)	(1,067,216)
TOTAL NET POSITION	$ (1,027,141)	$ (1,056,716)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	Governmental Activities	
	2025	2024
EXPENSES		
Governmental Activities		
General Government	$ 66,131	$ 24,164
Interest on Long-Term Debt	323,986	231,459
TOTAL EXPENSES	390,117	255,623
REVENUES		
GENERAL REVENUES		
Property Taxes	299,392	280,730
SPECIAL ITEMS		
Transfer from Other District	100,035	195,584
TOTAL REVENUES	419,692	546,432
CHANGE IN NET POSITION	29,575	290,809
NET POSITION, Beginning	(1,056,716)	(1,347,525)
NET POSITION, Ending	$ (1,027,141)	$ (1,056,716)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 2

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2025

	GENERAL FUND	
	2025	2024
ASSETS		
Restricted Cash and Investments	$ 833,859	$ 788,276
Accounts Receivable	5,223	6,424
Property Tax Receivable	495,890	276,961
TOTAL ASSETS	$ 1,334,972	$ 1,071,661
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY		
Accounts Payable	$ -	$ -
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	495,890	276,961
FUND EQUITY		
Fund Balance		
Restricted for Emergencies	9,600	10,500
Unassigned	829,482	784,200
TOTAL FUND EQUITY	839,082	794,700
Amounts reported for governmental activities in the statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,883,584	4,883,584
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable ($6,675,000), developer advances ($60,000) and accrued interest ($14,807).	(6,749,807)	(6,735,000)
Net Position of governmental activities	$ (1,027,141)	$ (1,056,716)

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND	
	2025	2024
REVENUES		
Property Taxes	$ 299,392	$ 280,730
Specific Ownership Taxes	19,307	14,750
Interest and Other	958	55,368
TOTAL REVENUES	319,657	350,848
EXPENDITURES		
Current		
General Government	66,131	24,164
Debt Service		
Principal	-	-
Interest	309,179	542,766
TOTAL EXPENDITURES	375,310	566,930
EXCESS OF REVENUES OVER (UNDER) EXPENSES	(55,653)	(216,082)
OTHER FINANCING SOURCES (USES)		
Transfer from Other District	100,035	195,584
TOTAL OTHER FINANCING SOURCES (USES)	100,035	195,584
NET CHANGE IN FUND BALANCES	44,382	(20,498)
FUND BALANCES, Beginning	794,700	815,198
FUND BALANCES, Ending	$ 839,082	$ 794,700

See the accompanying independent auditors' report.

NORTHFIELD METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - 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	$	44,382
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the change in accued interest.		(14,807)
Change in Net Position of Governmental Activities	$	29,575

See the accompanying independent auditors' report.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Northfield Metropolitan District No. 2 was formed to provide public services and improvements for the District and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the constituents.

The accounting policies of the Northfield Metropolitan District No. 2 (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the Northfield Metropolitan District No. 2 has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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.*

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental fund:

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

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Deferred Outflows/Inflows of Resources (Continued)9

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Net Position/Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

  The District did not have any committed resources as of December 31, 2025.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Property Taxes

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

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

- On or before October 15th, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

- Prior to December 31, the budget is legally enacted through passage of a resolution.

- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).

- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

Legal Compliance

The actual expenditures of the General Fund exceeded the budgeted amount by $109,591. This may be a violation of State statute.

NOTE 3: ***CASH AND INVESTMENTS***

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $93,476. The bank balances with the financial institutions were $96,689. All of these balances were covered by federal depository insurance.

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The District has no investments requiring categorization as of December 31, 2025.

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Local Government Investment Pools

The District had invested $740,382 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Restricted Cash and Investments

Cash and investments in the amount of $833,859 are restricted for debt service.

NOTE 4: ***CAPITAL ASSETS***

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Capital Assets, not depreciated				
Construction in Progress	$ 4,883,584	$ -	$ -	$ 4,883,584

NOTE 5: ***LONG-TERM DEBT***

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balance 12/31/23	Additions	Payments	Balance 12/31/24	Due In One Year
Bond Payable	$ 6,675,000	$ -	$ -	$6,675,000	$ 20,000
Developer Note	60,000	-	-	60,000	60,000
Total	**$ 6,735,000**	**$ -**	**$ -**	**$ 6,735,000**	**$ 80,000**

Bond Payable

On November 18, 2020, the District issued $6,675,000 in Series 2020 Limited General Obligation Refunding Bonds. Proceeds will be used to fund capital projects. The bonds carry interest rates ranging from 5.0% to 7.5%. Annual principal and interest payments are due on December 1 through 2050.

Developer Note

On November 30, 2020, the District entered into a Funding and Reimbursement Agreement (the "Agreement") with Northfield Land, LLC (the "Developer") to advance funds to the District for administration, operations and maintenance costs. Pursuant to the Agreement, the District made a note to the Developer further evidencing the District's obligation to make repayment of all amounts borrowed from the Developer. The agreement will continue until fully performed or terminated by mutual agreement of the parties. The District will reimburse the Developer for advances to the extent it has funds available from the imposition of its mill levy and other sources of District revenue after payment of its annual debt service obligation and annual operations and maintenance expenses. The interest rate on this note is 6.25%.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Estimated annual debt service requirements for the outstanding bonds at December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 20,000	$ 355,375	$ 375,375
2027	70,000	354,375	424,375
2028	105,000	350,875	455,875
2029	110,000	345,625	455,625
2030	120,000	340,125	460,125
2031 – 2035	750,000	1,601,375	2,351,375
2036 – 2040	1,090,000	1,381,625	2,471,625
2041 – 2045	1,500,000	1,069,875	2,569,875
2046 - 2050	2,910,000	643,125	3,553,125
Total	**$ 6,675,000**	**$ 6,442,375**	**$ 13,117,375**

NOTE 6: ***RELATED PARTIES***

All of the members of the Board of Directors are either investors in the Developer, or otherwise affiliated with the Developer. The District owes the Developer $60,000 in note principal as of December 31, 2025.

NOTE 7: ***RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in the last three years.

NOTE 8: ***DEBT AUTHORIZATION***

On October 1, 2019, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness as follows:

- An amount not to exceed $16,000,000 at an interest rate not to exceed 12% per annum, for providing public improvements; and

The District's Service Plan includes a debt authorization limit of $16,000,000.

As of December 31, 2025, the amount of debt authorized but unissued was $9,325,000. The District intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 9: ***DEFICIT NET POSITION***

As of December 31, 2025, the District had a government-wide net position deficit of $1,027,141. This deficit is expected to decrease as the District pay off the bonds.

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending, as required by the Amendment. At December 31, 2025, the emergency reserve of $9,600 was recorded in the General Fund.

NOTE 11: ***SUBSEQUENT EVENTS***

The District has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

NORTHFIELD METROPOLITAN DISTRICT NO. 2

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Property Taxes	$ 310,265	$ 299,392	$ (10,873)	$ 280,730
Specific Ownership Taxes	17,506	19,307	1,801	14,750
Interest and Other	-	958	958	55,368
TOTAL REVENUES	327,771	319,657	(8,114)	350,848
EXPENDITURES				
Current				
General Government				
Accounting and Administration	-	-	-	7,500
Office and Other	18,616	66,131	(47,515)	16,664
Debt Service				
Principal	-	-	-	-
Interest	247,103	309,179	(62,076)	542,766
TOTAL EXPENDITURES	265,719	375,310	(109,591)	566,930
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	62,052	(55,653)	(117,705)	(216,082)
OTHER FINANCING SOURCES (USES)				
Transfer from Other District	62,052	100,035	37,983	195,584
TOTAL OTHER FINANCING SOURCES (USES)	62,052	100,035	37,983	195,584
CHANGE IN FUND BALANCES	124,104	44,382	(79,722)	(20,498)
FUND BALANCE, Beginning	-	794,700	794,700	815,198
FUND BALANCE, Ending	$ 124,104	$ 839,082	$ 714,978	$ 794,700

See the accompanying independent auditors' report.

EXHIBIT B
2026 Budgets

Northfield Metropolitan District **#1** — 2026 FINAL Budget — 1/15/2026jj

Statement of Revenues & Expenditures with Budget

December 31, 2024 Actuals, 2025 Adopted Budget

Year-to-Date Actual Budget and Variance through December 31, 2025

2026 Budget

GENERAL FUND	2024 Audited Actual 12/31/2024	2025 Unaudited Budget	2025 Actuals 12/31/2025	Variance Through 12/31/2025	YTD Act as % of Budget	2026 Proposed **Budget**
Revenues						
Property taxes	$ -		$ -	$ -		$ -
Specific Ownership Tax	$ -	$ -	$ -	$ -		$ -
Service Fees Dist #2 (10mills)	$ 40,000.00	$ 61,926.00	$ 60,000.00	$ (1,926.00)		$ 99,178.00
Interest Income/Other Income/Admin Trans Fees	$ 15,125.00	$ 4,800.00	$ 14,000.00	$ 9,200.00		$ 4,000.00
O & M Fees per yr (pd by HOA)	$ 75,794.00	$ 34,250.00	$ 170,812.00	$ 136,562.00		$ 162,982.00
Capital Facilities Fee ($500 per closing)	$ 36,500.00	$ 12,000.00	$ 34,000.00	$ 22,000.00		$ 10,000.00
Operations Reserve Fee (per initial closing)	$ 36,500.00	$ 12,000.00	$ 34,000.00	$ 22,000.00		$ 10,000.00
Charging Station Income (120cyr*$80)	$ 902.00	$ 999.00	$ 936.00	$ (63.00)		$ 500.00
Out of District Pool Mmb/Rentals	$ -	$ -	$ -	$ -		$ -
Offset of Offsite Infrastuctures	$ -	$ -	$ -	$ -		$ -
Developer/Builder Advance	$ 40,000.00	$ 45,000.00	$ -	$ (45,000.00)		$ -
Total Revenues	**$ 244,821.00**	**$ 170,975.00**	**$ 313,748.00**	**$ 142,773.00**		**$ 286,660.00**
Expenditures						
Accounting and Finance	$ 13,200.00	$ 14,400.00	$ 14,400.00	$ -		$ 25,200.00
Audit	$ 7,250.00	$ 13,500.00	$ 14,500.00	$ 1,000.00	$ 1.07	$ 14,500.00
Community Activities	$ -	$ -	$ -	$ -		$ -
Contingency/3% Tabor	$ -	$ 8,024.00	$ -	$ (8,024.00)	$ -	$ 8,200.00
District Management	$ 12,000.00	$ 14,400.00	$ 14,400.00	$ -		$ 24,000.00
District Engineer/Modeling	$ 15,196.00	$ -	$ 4,849.00	$ 4,849.00		$ 500.00
Elections	$ -	$ 5,000.00	$ -	$ (5,000.00)	$ -	$ 5,000.00
Fence Maintenance and Repair	$ -	$ 500.00	$ -	$ (500.00)		$ 500.00
Insurance & Risk Management	$ 15,196.00	$ -	$ 4,902.00	$ 4,902.00		$ 4,500.00
Landscape Maint & Snow removal	$ 52,734.00	$ 52,951.00	$ 89,631.00	$ 36,680.00		$ 106,860.00
Legal	$ 29,707.00	$ 25,000.00	$ 31,494.00	$ 6,494.00	$ 1.26	$ 30,000.00
Office, Dues, Newsletters & Other	$ 11,141.00	$ 2,200.00	$ 6,581.00	$ 4,381.00		$ 3,400.00
Pool Expenses	$ -	$ -	$ -	$ -		$ -
Charging Sattion Utilities/Maint/Repairs	$ 275.00	$ 2,500.00	$ 2,668.00	$ 168.00		$ 3,500.00
Capital Facilite Fees Transfer to #2	$ -	$ 12,000.00	$ 58,000.00	$ 46,000.00		$ 10,000.00
Irrigation Sys Utl & Ditch Maint.	$ 52,153.00	$ 20,500.00	$ 75,166.00	$ 54,666.00		$ 20,500.00
Long Term Reserves	$ -	$ -	$ -	$ -		$ 30,000.00
Bond Payment from #2/Agent Fee	$ -	$ -	$ -	$ -		$ -
Reimbursement of Offset of off site Infrast	$ -	$ -	$ -	$ -		$ -
Total Operating Expenditures	**$ 208,852.00**	**$ 170,975.00**	**$ 316,591.00**	**$ 145,616.00**		**$ 286,660.00**
Revenues over/(under) Expenditures	**$ 35,969.00**	**$ -**	**$ (2,843.00)**	**$ (2,843.00)**		**$ -**
Beginning Fund Balance	$ 35,969.00		$ 35,969.00			$ 33,126.00
Ending Fund Balance	$ 35,969.00		$ 33,126.00			$ 33,126.00

Northfield Metro District No. 2			2026 DRAFT BUDGET			9/1/2025
Statement of Revenues & Expenditures with Budget						
2024 Adopted Audited Budget						
Year-to-date Actual Budget and Variance through September 01, 2025						
2026 Proposed Budget						
GENERAL FUND	2024	2025	2025	Variance	YTD Act	2026
	Audited	Unaudited	Actuals thru	Through	as % of	Proposed
Revenues	12/31/2024	Budget	9/1/2025	9/1/2025	Budget	Budget
Property Taxes 45.600 Mil Debt	$ 224,111.00	$ 248,213.00	$ 212,645.00	$ (35,568.00)		$396,712.00
Property Taxes 11.400 Mil Gen	$ 56,619.00	$ 62,052.00	$ 20,131.00	$ (41,921.00)		$99,178.00
Specific Ownership Tax	$ 14,750.00	$ 17,506.00	$ 9,444.00	$ (8,062.00)		$29,753.00
Interest/Other Income/ Contingency	$ 61.00		$ 38.00			$5,000.00
Capital Facilities Fee (transfered from #1)	$ -	$ -	$ -	$ -		$10,000.00
Total Revenues	**$ 295,541.00**	**$ 327,771.00**	**$ 242,258.00**	**$ (85,513.00)**		**$540,643.00**
Expenditures						
Audit	$ 7,500.00		$ -			
Office Dues & Other/ Contingency	$ 120.00	$ -	$ 60.00			$0.00
Payments to Debit Service #2	$ 227,703.00	$ 247,103.00	$ 109,893.00	$ (137,210.00)		$415,952.00
Transfer to D #1 General	$ 40,000.00	$ 62,052.00	$ -	-62052		$99,178.00
Treasurers Fee	$ 5,572.00	$ 18,616.00	$ 4,656.00	$ (13,960.00)		$10,513.00
Capital Facilities Fee (paid to Debit Serv #2)	$ -	$ -	$ -	$ -		$10,000.00
Insurance/Bonds	$ 2,076.00		$ -	$ -		$0.00
Total Operating Expenditures	**$ 282,971.00**	**$ 327,771.00**	**$ 114,609.00**	**-$213,162.00**		**$535,643.00**
Debit Service	2024	2025	2025	Variance	YTD Act	2026
	Audited	Unaudited	Actuals	Through	as % of	Budget
Revenues	12/31/2024	Budget	9/1/2025	9/1/2025	Budget	
Transfer from #2 Tax Rev for Debit	$ 227,703.00	$248,213.00	$212,645.00	-$35,568.00		$405,439.00
Capital Reserve Fee Transferred from #2 Gen	$ -	$ -	$ -	$ -		$10,000.00
Total Revenues	$227,703.00	$248,213.00	$212,645.00	$ (35,568.00)		$415,439.00
Expenditures						
Bond Principal	$ -	$ -	$ -	$ -		$20,000.00
Bond Interest	$ 227,703.00	$ 248,213.00	$ 109,893.00	$ (138,320.00)		$379,439.00
Paying Agent Fee	$ -	$ -	$ -	$ -		$6,000.00
Capital Reserve fees	$ -			$ -		$10,000.00
Cost of Issuance	$ -			$ -		
Underwriter Discount Expense	$ -			$ -		
Total Operating Expenditures	$ 227,703.00	$ 248,213.00	$ 109,893.00	-$138,320.00		$415,439.00
Revenues over/(under) Expenditures	0	0	102752	$ -		$0.00