

**BELLEVIEW STATION
METROPOLITAN DISTRICT NO. 1
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bellevue Station Metropolitan District No. 1
City and County of Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Bellevue Station Metropolitan District No. 1 (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Bellevue Station Metropolitan District No. 1, as of December 31, 2020, and the respective changes in financial position thereof, 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.

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Fiscal Focus Partners, LLC

Other Matters

Economic Dependency

As disclosed in Note 8 to the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer of the District's service area for funding of continued operations.

Required Supplementary 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary 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. The supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 22, 2021

BASIC FINANCIAL STATEMENTS

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 72,680
Accounts Receivable	26,363
Prepaid Expenditures	2,542
Capital Assets, Not Being Depreciated	<u>1,923,357</u>
Total Assets	<u>2,024,942</u>
LIABILITIES	
Accounts Payable	91,997
Due in More Than One Year	<u>1,472,277</u>
Total Liabilities	<u>1,564,274</u>
NET POSITION	
Unrestricted	<u>460,668</u>
Total Net Position	<u><u>\$ 460,668</u></u>

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government	\$ 722,082	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	97,290	-	-	(97,290)	
Total Governmental Activities	\$ 819,372	\$ -	\$ -	(819,372)	
GENERAL REVENUES					
Other Income				1,457	
Intergovernmental Revenue - Belleview Station Metropolitan District No. 2				2,160,369	
Total General Revenues				2,161,826	
CHANGE IN NET POSITION					
Net Position - Beginning of Year				(881,786)	
NET POSITION - END OF YEAR					
				\$ 460,668	

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$ 72,680	\$ -	\$ 72,680
Accounts Receivable	26,363	-	26,363
Prepaid Expenditures	2,542	-	2,542
Total Assets	\$ 101,585	\$ -	\$ 101,585
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 29,195	\$ 62,802	\$ 91,997
Total Liabilities	29,195	62,802	91,997
FUND BALANCES			
Nonspendable:			
Prepaid Expenditures	2,542	-	2,542
Committed For:			
Capital Projects	-	(62,802)	(62,802)
Unassigned:			
General Government	69,848	-	69,848
Total Fund Balances	72,390	(62,802)	9,588
Total Liabilities and Fund Balances	\$ 101,585	\$ -	

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 as assets in the funds.

1,923,357

Long-term liabilities, including developer advances and accrued interest, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Developer Advance Payable

(1,438,779)

Interest Payable - Developer Advance

(33,498)

Net Position of Governmental Activities

\$ 460,668

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Transfers from Bellevue Station No. 2	\$ 1,881,100	\$ 279,269	\$ 2,160,369
Other Revenue	1,457	-	1,457
Total Revenues	<u>1,882,557</u>	<u>279,269</u>	<u>2,161,826</u>
EXPENDITURES			
Current:			
Accounting	37,882	-	37,882
Audit	5,450	-	5,450
Election	2,293	-	2,293
Legal	29,300	590	29,890
District Management	18,285	-	18,285
City Administration Fee	3,200	-	3,200
Dues and Membership	614	-	614
Insurance and Bonds	3,020	-	3,020
Management of District	65,505	-	65,505
Snow Removal	87,581	-	87,581
Promotional Activities	134,081	-	134,081
Repairs and Maintenance	95,622	-	95,622
Landscaping	157,289	-	157,289
Website	17,800	-	17,800
Project Management	-	62,802	62,802
Miscellaneous	768	-	768
Capital Outlay	-	1,533,873	1,533,873
Total Expenditures	<u>658,690</u>	<u>1,597,265</u>	<u>2,255,955</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,223,867	(1,317,996)	(94,129)
OTHER FINANCING SOURCES (USES)			
Developer Advances	15,526	1,426,059	1,441,585
Transfers to Other Funds	(24,303)	-	(24,303)
Transfers from Other Funds	-	24,303	24,303
Repay Developer Advance - Principal	(724,371)	(244,783)	(969,154)
Repay Developer Advance - Interest	(436,458)	(34,486)	(470,944)
Total Other Financing Sources (Uses)	<u>(1,169,606)</u>	<u>1,171,093</u>	<u>1,487</u>
NET CHANGE IN FUND BALANCES	54,261	(146,903)	(92,642)
Fund Balances - Beginning of Year	<u>18,129</u>	<u>84,101</u>	<u>102,230</u>
FUND BALANCES - END OF YEAR	<u>\$ 72,390</u>	<u>\$ (62,802)</u>	<u>\$ 9,588</u>

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Changes in Fund Balances - Total Governmental Funds	\$ (92,642)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. During the current period there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.</p>	1,533,873
<p>Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Developer Advances Received	(1,441,585)
Repayment of Developer Advances	969,154
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Interest Payable - Developer Advances - Change in Liability	373,654
Change in Net Position of Governmental Activities	\$ 1,342,454

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Transfers from Bellevue Station				
Metro District No. 2	\$ 550,000	\$ 1,900,000	\$ 1,881,100	\$ (18,900)
Other Revenue	-	957	1,457	500
Total Revenues	<u>550,000</u>	<u>1,900,957</u>	<u>1,882,557</u>	<u>(18,400)</u>
EXPENDITURES				
Accounting	40,000	40,000	37,882	2,118
Audit	5,000	5,450	5,450	-
Election	3,000	3,000	2,293	707
Legal	70,000	70,000	29,300	40,700
District Management	25,000	15,000	18,285	(3,285)
City Administration Fee	3,000	3,200	3,200	-
Dues and Licenses	1,000	614	614	-
Insurance	2,600	2,510	3,020	(510)
Management of District	67,000	67,000	65,505	1,495
Snow Removal	65,000	75,000	87,581	(12,581)
Promotional Activities	188,000	150,000	134,081	15,919
Repairs and Maintenance	65,000	65,000	95,622	(30,622)
Website	26,000	26,000	17,800	8,200
Landscaping	160,000	160,000	157,289	2,711
Utilities	19,000	19,000	-	19,000
Miscellaneous	2,400	1,000	768	232
Contingency	50,000	97,226	-	97,226
Total Expenditures	<u>792,000</u>	<u>800,000</u>	<u>658,690</u>	<u>141,310</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(242,000)</u>	<u>1,100,957</u>	<u>1,223,867</u>	<u>122,910</u>
OTHER FINANCING SOURCES (USES)				
Developer Advances	175,000	175,000	15,526	(159,474)
Transfers to Other Funds	-	-	(24,303)	(24,303)
Repay Developer Advances - Principal	-	(760,000)	(724,371)	35,629
Repay Developer Advances - Interest	-	(440,000)	(436,458)	3,542
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>(1,025,000)</u>	<u>(1,169,606)</u>	<u>(144,606)</u>
NET CHANGE IN FUND BALANCE	<u>(67,000)</u>	<u>75,957</u>	<u>54,261</u>	<u>(21,696)</u>
Fund Balance - Beginning of Year	<u>170,627</u>	<u>18,129</u>	<u>18,129</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 103,627</u></u>	<u><u>\$ 94,086</u></u>	<u><u>\$ 72,390</u></u>	<u><u>\$ (21,696)</u></u>

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Bellevue Station Metropolitan District No. 1 (formerly Madre Metropolitan District No. 1) (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Denver, Colorado, on November 21, 2005, in conjunction with Bellevue Station Metropolitan District No. 2 (District No. 2) and Bellevue Station Metropolitan District No. 3 (District No. 3) (collectively, the Districts) and is governed by the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes) and other applicable statutes governing political subdivisions. The District's boundaries are located in the City and County of Denver, Colorado (Denver). The District was organized to provide financing and construction of streets, water, sanitary sewer, storm drainage, traffic and safety signals, and park and recreation improvements.

As discussed in the District's Service Plan, which is dated July 11, 2005, and was approved by Denver City Council, the District is designated as the control district and will be responsible for coordinating the financing and construction of all public services and improvements mentioned above. The improvements will be for the use and benefit of the residents of the Districts, as well as for all citizens of the metropolitan Denver area and the State of Colorado. District No. 2 and District No. 3 will function as taxing districts. District No. 2 has issued general obligation debt, may issue additional debt in the future, and currently levies taxes for operations, maintenance, and debt service of the District. District No. 3 may, in the future, issue general obligation bonds to be used to fund improvements and/or levy taxes for operations, maintenance, debt service or capital expenditures of the District.

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

The District is not financially accountable for the Bellevue Station Public Improvement Company (PIC), which was formed on June 30, 2014, for the initial purpose of imposing public improvement fees to help provide public parking in coordination with the District.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District Nos. 2 and 3.

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

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, rental income, and sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2020.

Pooled Cash

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 single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense is computed using the straight-line method over the estimated useful lives.

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

There were no depreciable fixed assets at year-end, as the capital assets are classified as construction in progress and are intended to be dedicated to other governmental entities.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

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

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

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

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deficits

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2020. The deficit will be eliminated by Developer Advances in 2021.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ <u>72,680</u>
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Cash as of December 31, 2020, consists of the following:

Deposits with Financial Institutions	\$ <u>72,680</u>
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Deposits with Financial Institutions

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

At December 31, 2020, the District's cash deposits had a bank balance and a carrying balance of \$72,680. At December 31, 2020, the District did not have any investments.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the property for the year ended December 31, 2020, follows:

	Balance - December 31, 2019	Additions	Dedication to Other Governments	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ <u>389,484</u>	\$ <u>1,533,873</u>	\$ <u>-</u>	\$ <u>1,923,357</u>

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS

Advance and Reimbursement Agreement

The District and the Front Range Land and Development Company (the Developer) have entered into an Advance and Reimbursement Agreement dated January 12, 2006. Pursuant to the Advance and Reimbursement Agreement, the Developer has agreed to advance funds for financing the costs associated with the formation of the District, District operations, and construction of District improvements after formation. Advances made by the Developer shall accrue interest at 7.5% per annum from the time of deposit into the District's account until repaid. The District shall make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, or debt service costs. The balance owing to the Developer at December 31, 2020, is set forth below:

	Balance - December 31, 2019	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2020	Due Within One Year
Developer Advances	\$ 966,348	\$ 1,441,585	\$ 969,154	\$ 1,438,779	\$ -
Accrued Interest - Developer Advances	407,152	97,290	470,944	33,498	-
Total	<u>\$ 1,373,500</u>	<u>\$ 1,538,875</u>	<u>\$ 1,440,098</u>	<u>\$ 1,472,277</u>	<u>\$ -</u>

On November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$1,005,000,000. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 1, 2005 Election	Remaining at December 31, 2020
Street Improvements	\$ 125,000,000	\$ 125,000,000
Traffic and Safety Controls	125,000,000	125,000,000
Water Supply	125,000,000	125,000,000
Sanitary Sewer	125,000,000	125,000,000
Parks and Recreational Facilities	125,000,000	125,000,000
IGA - Public Improvements	125,000,000	125,000,000
IGA - Debt	125,000,000	125,000,000
Operations and Maintenance	5,000,000	5,000,000
Bond Refunding	125,000,000	125,000,000
Total	<u>\$ 1,005,000,000</u>	<u>\$ 1,005,000,000</u>

In the future, the District may issue a portion 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. Per the Service Plan, the District is limited to issuing \$125,000,000 in debt. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 NET POSITION

The District has net position consisting of one component – unrestricted.

The District's unrestricted net position is \$460,668.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Front Range Land and Development Company (the Developer). The members of the Board of Directors of the District are owners of or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Additionally, all of the members of the Board of Directors are owners of Madre Investment Company, LLC.

On January 20, 2006, the District entered into an agreement for construction administration services with Columbine Realty, Inc. (Columbine), which shares common ownership with the Developer, for construction, administration, and oversight services. The agreement between the District and Columbine renews automatically every January 1 for a one-year period. Under this agreement, the District will pay Columbine 5% of the construction contract price up to a maximum of \$500,000 annually. During 2020, the District incurred \$62,802 in construction management fees and has incurred \$684,125 over the life of the agreement. In addition, Columbine provides financial and management oversight to the District. During 2020, the District incurred \$57,946 in financial and management fees.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 1, 2005, the District voters passed an election question allowing the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses.

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 receives its operating revenues from District No. 2. Therefore, the Emergency Reserves related to the District's revenues are reported in District No. 2.

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.

SUPPLEMENTARY INFORMATION

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfers from Bellevue Station No. 2	\$ 500,000	\$ 279,269	\$ (220,731)
Total Revenues	<u>500,000</u>	<u>279,269</u>	<u>(220,731)</u>
EXPENDITURES			
Accounting	3,000	-	3,000
Legal	6,000	590	5,410
District Management	3,000	-	3,000
Traffic Light	600,000	-	600,000
Street Lights	150,000	-	150,000
Project Management	50,000	62,802	(12,802)
Public Art	30,000	-	30,000
Grading	50,000	-	50,000
Engineering	24,000	110,113	(86,113)
Streets	1,000,000	1,423,760	(423,760)
Contingency	100,000	-	100,000
Total Expenditures	<u>2,016,000</u>	<u>1,597,265</u>	<u>418,735</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,516,000)	(1,317,996)	198,004
OTHER FINANCING SOURCES (USES)			
Developer Advance	1,850,000	1,426,059	(423,941)
Repay Developer Advance - Principal	(245,000)	(244,783)	217
Repay Developer Advance - Interest	(35,000)	(34,486)	514
Transfers from Other Funds	-	24,303	24,303
Total Other Financing Sources (Uses)	<u>1,570,000</u>	<u>1,171,093</u>	<u>(398,907)</u>
NET CHANGE IN FUND BALANCE	54,000	(146,903)	(200,903)
Fund Balance - Beginning of Year	<u>103,128</u>	<u>84,101</u>	<u>(19,027)</u>
FUND BALANCE (DEFICITS) - END OF YEAR	<u>\$ 157,128</u>	<u>\$ (62,802)</u>	<u>\$ (219,930)</u>