

**BELFORD SOUTH METROPOLITAN
DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021**

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Board of Directors
Belford South Metropolitan District
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Belford South Metropolitan District (the "District"), as of and for the year ended December 31, 2021, 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 Belford South Metropolitan District as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplementary 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 the 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 28, 2022

BASIC FINANCIAL STATEMENTS

**BELFORD SOUTH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 508 |
| Cash and Investments - Restricted | 6,296 |
| Receivable - County Treasurer | 61 |
| Property Taxes Receivable | 107 |
| Capital Assets | 491,046 |
| Total Assets | 498,018 |
| LIABILITIES | |
| Due to Town of Parker | 484 |
| Due to Belford North | 6,381 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 1,020,427 |
| Total Liabilities | 1,027,292 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenues | 107 |
| Total Deferred Inflows of Resources | 107 |
| NET POSITION | |
| Unrestricted | (529,381) |
| Total Net Position | \$ (529,381) |

See accompanying Notes to Basic Financial Statements.

**BELFORD SOUTH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

| | General | Debt Service | Total Governmental Fund |
|--|---------------|-----------------|-------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 508 | \$ - | \$ 508 |
| Cash and Investments - Restricted | - | 6,296 | 6,296 |
| Receivable - County Treasurer | 12 | 49 | 61 |
| Property Taxes Receivable | 14 | 93 | 107 |
| | <u>\$ 534</u> | <u>\$ 6,438</u> | <u>\$ 6,972</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Due to Town of Parker | \$ 484 | \$ - | \$ 484 |
| Due to Belford North | 36 | 6,345 | 6,381 |
| Total Liabilities | <u>520</u> | <u>6,345</u> | <u>6,865</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Property Taxes | 14 | 93 | 107 |
| Total Deferred Inflows of Resources | <u>14</u> | <u>93</u> | <u>107</u> |
| FUND BALANCES | | | |
| Unassigned | - | - | - |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 534</u> | <u>\$ 6,438</u> | |

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.

| | |
|---------------------------------------|---------|
| Capital Assets, Not Being Depreciated | 491,046 |
|---------------------------------------|---------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|---------------------------------------|-----------|
| Developer Advance Payable | (771,515) |
| Accrued Interest on Developer Advance | (248,912) |

| | |
|---|--------------|
| Net Position of Governmental Activities | \$ (529,381) |
|---|--------------|

See accompanying Notes to Basic Financial Statements.

**BELFORD SOUTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

| | General | Debt Service | Total Governmental Fund |
|---|----------------|------------------|-------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 1,724 | \$ 7,129 | \$ 8,853 |
| Specific Ownership Taxes | 166 | 687 | 853 |
| Net Investment Income | 10 | 573 | 583 |
| Development Fees | - | 3,200,000 | 3,200,000 |
| Total Revenues | <u>1,900</u> | <u>3,208,389</u> | <u>3,210,289</u> |
| EXPENDITURES | | | |
| General: | | | |
| County Treasurer's Fees | 26 | 107 | 133 |
| Remit to Town of Parker | 1,243 | - | 1,243 |
| Landscaping | 621 | - | 621 |
| Debt Service | | | |
| Remit to Belford North | - | 3,213,833 | 3,213,833 |
| Total Expenditures | <u>1,890</u> | <u>3,213,940</u> | <u>3,215,830</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 10 | (5,551) | (5,541) |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 7,144 | - | 7,144 |
| Total Other Financing Sources (Uses) | <u>7,144</u> | <u>-</u> | <u>7,144</u> |
| NET CHANGE IN FUND BALANCES | 7,154 | (5,551) | 1,603 |
| Fund Balances (Deficits) - Beginning of Year | <u>(7,154)</u> | <u>5,551</u> | <u>(1,603)</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to Basic Financial Statements.

**BELFORD SOUTH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | | |
|--|----|------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 1,603 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The issuance of long-term debt (e.g., Bonds, Loans, 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 record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.</p> | | |
| Developer Advances - Current Year | | (7,144) |
| <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> | | |
| Accrued Interest on Developer Advance - Change in Liability | | <u>(74,996)</u> |
| Change in Net Position of Governmental Activities | \$ | <u><u>(80,537)</u></u> |

See accompanying Notes to Basic Financial Statements.

**BELFORD SOUTH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------|--------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 1,725 | \$ 1,725 | \$ 1,724 | \$ (1) |
| Specific Ownership Taxes | 138 | 138 | 166 | 28 |
| Interest Income | 37 | 37 | 10 | (27) |
| Other Revenue | - | 3,100 | - | (3,100) |
| Total Revenues | <u>1,900</u> | <u>5,000</u> | <u>1,900</u> | <u>(3,100)</u> |
| EXPENDITURES | | | | |
| County Treasurer's Fees | 26 | 26 | 26 | - |
| Contingency | 17 | 3,117 | - | 3,117 |
| Remit to Town of Parker | 1,245 | 1,245 | 1,243 | 2 |
| Remit to Belford North | 612 | 612 | 621 | (9) |
| Total Expenditures | <u>1,900</u> | <u>5,000</u> | <u>1,890</u> | <u>3,110</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 10 | 10 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | - | - | 7,144 | 7,144 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>7,144</u> | <u>7,144</u> |
| NET CHANGE IN FUND BALANCE | - | - | 7,154 | 7,154 |
| Fund Balance (Deficit) - Beginning of Year | <u>-</u> | <u>-</u> | <u>(7,154)</u> | <u>(7,154)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to Basic Financial Statements.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Belford South Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Douglas County on June 14, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Second Amended and Restated Service Plan approved by the Town Council of the Town of Parker, Colorado. The District's service area is located in the Town of Parker, Douglas County, Colorado. The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements and services, including water and sanitation service, street construction, installation of safety control devices, construction and maintenance of parks and recreation facilities, public transportation, fire protection, television relay and translation system, security services, and mosquito control. All public infrastructure is to be owned and maintained by the Town of Parker or adjacent governmental entities. Under the Amended and Restated Service Plan approved October 5, 2020, the District was organized in conjunction Belford North Metropolitan District (BNMD). BNMD serves as the operating district and the District serves as the financing 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 any other organization, nor is the District a component unit of any other primary governmental entity.

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

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.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 as general revenues.

Separate financial statements are provided for the 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 due.

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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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.

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 capital assets, as applicable.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, 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.

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.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

| | | |
|-----------------------------------|----|-------|
| Cash and Investments | \$ | 508 |
| Cash and Investments - Restricted | | 6,296 |
| Total Cash and Investments | \$ | 6,804 |

Cash and investments as of December 31, 2021, consist of the following:

| | | |
|--------------------------------------|----|-------|
| Deposits with Financial Institutions | \$ | 14 |
| Investments | | 6,790 |
| Total Cash and Investments | \$ | 6,804 |

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, 2021, the District's cash deposits had a bank balance of \$14 and carrying balance of \$14.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

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

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

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

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

As of December 31, 2021, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|---|-----------------------------------|---------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | \$ 6,790 |

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24- 75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

| | Balance - December 31, 2020 | Additions | Reductions | Balance - December 31, 2021 |
|--|-----------------------------------|-------------|-------------|-----------------------------------|
| Governmental Type Activities: | | | | |
| Capital Assets, Not Being | | | | |
| Depreciated: | | | | |
| Construction in Progress | \$ 491,046 | \$ - | \$ - | \$ 491,046 |
| Total Capital Assets, Not Being Depreciated | <u>\$ 491,046</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 491,046</u> |

A significant portion of the capital assets constructed or/and acquired by the District will be conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities will be removed from the District's financial records.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

| | Balance - December 31, 2020 | Additions | Reductions | Balance - December 31, 2021 | Due Within One Year |
|--------------------------|-----------------------------------|------------------|-------------|-----------------------------------|------------------------|
| Governmental Activities: | | | | | |
| Other Debts: | | | | | |
| Developer Advances: | | | | | |
| Operational | \$ 169,250 | \$ 7,144 | \$ - | \$ 176,394 | \$ - |
| Capital | 595,121 | - | - | 595,121 | - |
| Accrued Interest on | | | | | |
| Developer Advances: | | | | | |
| Operational | 21,389 | 16,089 | - | 37,478 | - |
| Capital | 152,527 | 58,907 | - | 211,434 | - |
| Total | <u>\$ 938,287</u> | <u>\$ 82,140</u> | <u>\$ -</u> | <u>\$ 1,020,427</u> | <u>\$ -</u> |

Debt Authorization

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$210,600,000. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes and remaining as of December 31, 2021:

| | Authorized May 3, 2016 Election |
|----------------------------------|---------------------------------------|
| Streets | \$ 16,200,000 |
| Water | 16,200,000 |
| Sanitary Sewer | 16,200,000 |
| Park and Recreation | 16,200,000 |
| Traffic and Safety | 16,200,000 |
| Mosquito Control | 16,200,000 |
| Public Transportation | 16,200,000 |
| Security | 16,200,000 |
| Fire Protection | 16,200,000 |
| Television Relay and Translation | 16,200,000 |
| Operations and Maintenance | 16,200,000 |
| Refunding | 16,200,000 |
| Intergovernmental Agreements | 16,200,000 |
| Total | <u>\$ 210,600,000</u> |

Pursuant to the Amended and Restated Service Plan, the District in conjunction with BNMD is permitted to issue bond indebtedness of up to \$56,700,000 (the Aggregate Debt Cap). On October 19, 2020, the District entered into an Intergovernmental Agreement Regarding Debt Allocation with BNMD allocating 100% of the Aggregate Debt Cap to BNMD.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

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

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of developer advances that were advanced to the district for funding operations and maintenance prior to the approval of the Amended and Restated Service Plan.

NOTE 7 RELATED PARTIES

The primary developer of the land within the District is Compark South LLC (Developer). All the members of the Board of Directors are officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Developer Advances

The District has entered into Funding and Reimbursement Agreement(s) with Compark South, LLC (the Developer) as follows:

Facilities Funding and Acquisition Agreement (FFAA)

On June 29, 2016, the District and 470 Compark LLC (the prior Developer) entered into a Facilities Funding and Acquisition Agreement to repay advances made by the prior Developer for capital infrastructure costs. The District agreed to repay the prior Developer for such capital advances plus accrued interest at the rate of 8%. On August 11, 2020, the Prior Developer assigned all rights and responsibilities of the FFAA to the Developer. As of December 31, 2021, outstanding advances under the agreement totaled \$595,121 and accrued interest totaled \$211,434.

Reimbursement Agreements (Operations)

On June 29, 2016, the District and the prior Developer entered into a 2016 Operations Funding Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. Then on November 22, 2016, the District and the prior Developer entered into a 2017 - 2021 Operations Funding Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Prior Developer for such O&M advances plus accrued interest at the rate of 8% under these agreements. On August 11, 2020, the prior Developer assigned all rights and responsibilities of the OFAs to the Developer. As of December 31, 2021, outstanding advances under the agreement totaled \$176,394 and accrued interest totaled \$37,478.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

**IGA Regarding Funding and Reimbursement of Public Improvement Costs –
(Outfall Sewer and Water Line Bore)**

On August 20, 2020, the District entered into an Intergovernmental Agreement (IGA) with Compark Business Center Metropolitan District (CBC) and Belford North Metropolitan District (BNMD) in order to facilitate the construction of the Outfall Sewer and Water Line Bore public improvement projects (Projects) needed to provide the District and BNMD with water and sanitary sewer services.

CBC will fund and complete the Projects with the understanding that the District and Belford South will reimburse CBC under the terms of the agreement. None of the amounts to be reimbursed will accrue interest. Allocation of the project costs as of December 31, 2021, are as follows:

| <u>Project</u> | <u>Cost Share</u> | <u>Project Cost at December 31, 2021</u> |
|------------------|-------------------|--|
| Outfall Sewer: | | |
| Compark | 40.0% | \$ 523,756 |
| Belford North | 26.4% | 345,679 |
| Belford South | 33.6% | 439,955 |
| Total | | <u>\$ 1,309,390</u> |
| Water Line Bore: | | |
| Belford North | 44.0% | \$ 692,829 |
| Belford South | 56.0% | 881,783 |
| Total | | <u>\$ 1,574,612</u> |

The District will be invoiced by CBC upon completion of the Projects.

Master Intergovernmental Agreement

On October 20, 2020, the District and BNMD (the Districts) entered into a Master Intergovernmental Agreement (MIGA) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain of the Public Improvements within such Districts. Pursuant to the MIGA, BNMD was designated as the “operating district” (the Operating District). The District, was designated as the “financing district” (the Financing District).

Capital Pledge Agreement

On November 2, 2020, the District and BNMD (the Districts) entered into a Capital Pledge Agreement for the purpose of providing ad valorem property tax revenue derived from the taxable property of the District and other revenue received (and to be received) by the District in order to pay, in combination with revenue of BNMD, the debt service on Bonds issued by BNMD.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Capital Pledge Agreement (continued)

Per the agreement the revenues from the District to be pledged to BNMD include:

- (a) the Mandatory Capital Levy;
- (b) the Capital Fees;
- (c) the Infrastructure Capital Mill Levy;
- (d) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Mandatory Capital Levy and the Infrastructure Capital Mill Levy; and
- (e) any Payment in Lieu of Taxes (PILOT) revenues received from any PILOT recorded against Belford South property.

The Mandatory Capital Levy is an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of Belford South each year in the amount of 57 mills less the number of mills necessary to pay any unlimited mill levy debt; subject to changes in assessment rate.

Capital Fees are all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by Belford South or any Belford South owned "enterprise" under Article X, Section 20 of the Colorado Constitution, for services, programs, or facilities furnished by Belford South, whether now in effect or imposed in the future, and including the revenue derived from any action to enforce the collection of Capital Fees, including particularly and without limitation, the Development Fees, and the revenue derived from the sale or other disposition of property acquired by Belford South from any action to enforce the collection of Capital Fees.

Intergovernmental Agreements with the Town of Parker

The District and BNMD (the Districts) have each entered into a separate intergovernmental agreement with the Town of Parker (collectively, the Town IGAs). The Town IGAs provide that the Districts impose the Infrastructure Capital Mill Levy (5.000 mills, subject to adjustment) and use the proceeds for Regional Infrastructure. The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy be paid by the Districts to the Town; however, the Districts are permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the Bonds). The Town IGAs also provide that the Districts impose the Town Capital and Maintenance Mill Levy (5.000 mills, subject to adjustment) and use the proceeds for the planning, design, construction, and/or maintenance of Town infrastructure. The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy be paid by the Districts to the Town.

**BELFORD SOUTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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.

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, commonly known 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 May 3, 2016, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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 transfers its net operating revenue to BNMD. Therefore, the Emergency Reserves related to the District's revenues are reported in BNMD.

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

**BELFORD SOUTH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 7,128 | \$ 7,128 | \$ 7,129 | \$ 1 |
| Specific Ownership Taxes | 570 | 570 | 687 | 117 |
| Net Investment Income | 5,000 | 5,000 | 573 | (4,427) |
| Development Fees | 1,600,000 | 3,237,302 | 3,200,000 | (37,302) |
| Total Revenues | <u>1,612,698</u> | <u>3,250,000</u> | <u>3,208,389</u> | <u>(41,611)</u> |
| EXPENDITURES | | | | |
| County Treasurer's Fees | 107 | 107 | 107 | - |
| Remit to Belford North | 1,612,591 | 3,249,893 | 3,213,833 | 36,060 |
| Total Expenditures | <u>1,612,698</u> | <u>3,250,000</u> | <u>3,213,940</u> | <u>36,060</u> |
| NET CHANGE IN FUND BALANCE | - | - | (5,551) | (5,551) |
| Fund Balance - Beginning of Year | - | - | 5,551 | 5,551 |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

OTHER INFORMATION

**BELFORD SOUTH METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied for | | Total Property Taxes | | Percent Collected to Levied |
|--|---|------------------|--------------|-------------------------|-----------|-----------------------------------|
| | | General | Debt Service | Levied | Collected | |
| | | 2017 | \$ 88,150 | 42.827 | 0.000 | |
| 2018 | 94,100 | 42.827 | 0.000 | 4,450 | 4,450 | 100.00% |
| 2019 | 94,100 | 47.295 | 0.000 | 4,450 | 4,450 | 100.00% |
| 2020 | 114,970 | 4.000 | 45.000 | 5,634 | 5,634 | 100.00% |
| 2021 | 114,970 | 15.000 | 62.000 | 8,853 | 8,853 | 100.00% |
| Estimated for the Year Ending December 31, 2022 | \$ 1,380 | 15.000 | 62.000 | \$ 107 | | |