

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**BELFORD NORTH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2022**

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Board of Directors
Belford North 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 North Metropolitan District (the "District"), as of and for the year ended December 31, 2022, 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 North Metropolitan District as of December 31, 2022, 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 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 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 financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the 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

July 28, 2023

BASIC FINANCIAL STATEMENTS

**BELFORD NORTH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 13,915
Cash and Investments - Restricted	5,369,775
Deposits with Other Entities	2,804,542
Receivable - County Treasurer	1
Property Taxes Receivable	120,270
Prepaid Insurance	6,088
Capital Assets, Not Being Depreciated	31,643,077
Due from Belford South MD	1
Security Deposit - Engineering	5,000
Total Assets	<u>39,962,669</u>
LIABILITIES	
Accounts Payable	100,663
Retainage Payable	424,834
Accrued Interest Payable	103,950
Due to Belford South MD	486
Due to Compark Business Campus MD	2,366,278
Due to Town of Parker	618
Noncurrent Liabilities:	
Due in More Than One Year	41,281,728
Total Liabilities	<u>44,278,557</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	120,270
Total Deferred Inflows of Resources	<u>120,270</u>
NET POSITION	
Restricted for:	
Emergency Reserves	100
Debt Service	494,355
Unrestricted	<u>(4,930,613)</u>
Total Net Position	<u>\$ (4,436,158)</u>

See accompanying Notes to Basic Financial Statements

**BELFORD NORTH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 3,005,545	\$ 22	\$ 1,475,652	\$ (1,529,871)
Interest and Related Costs on Long-Term Debt	<u>2,734,235</u>	<u>-</u>	<u>1,741,338</u>	<u>(992,897)</u>
Total Governmental Activities	<u>\$ 5,739,780</u>	<u>\$ 22</u>	<u>\$ 3,216,990</u>	<u>(2,522,768)</u>
GENERAL REVENUES				
Property Taxes				104
Specific Ownership Taxes				9
Net Investment Income				97,430
Total General Revenues				<u>97,543</u>
CHANGE IN NET POSITION				(2,425,225)
Net Position - Beginning of Year (Restated)				<u>(2,010,933)</u>
NET POSITION - END OF YEAR				<u>\$ (4,436,158)</u>

See accompanying Notes to Basic Financial Statements

**BELFORD NORTH METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
Cash and Investments	\$ 13,915	\$ -	\$ -	\$ 13,915
Cash and Investments - Restricted	100	4,958,940	410,735	5,369,775
Deposits with Other Entities	-	-	2,804,542	2,804,542
Due from Belford South MD	-	1	-	1
Prepaid Insurance	6,088	-	-	6,088
Receivable - County Treasurer	-	1	-	1
Security Deposit - Engineering	-	-	5,000	5,000
Property Taxes Receivable	23,429	96,841	-	120,270
	<u>\$ 43,532</u>	<u>\$ 5,055,783</u>	<u>\$ 3,220,277</u>	<u>\$ 8,319,592</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts Payable	\$ 33,770	\$ -	\$ 66,893	\$ 100,663
Retainage Payable	-	-	424,834	424,834
Due to Belford South MD	486	-	-	486
Due to Compark Business Campus MD	-	-	2,366,278	2,366,278
Due to Town of Parker	618	-	-	618
Total Liabilities	<u>34,874</u>	<u>-</u>	<u>2,858,005</u>	<u>2,892,879</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	23,429	96,841	-	120,270
Total Deferred Inflows of Resources	<u>23,429</u>	<u>96,841</u>	<u>-</u>	<u>120,270</u>
FUND BALANCES (DEFICIT)				
Nonspendable:				
Prepaid Expense	6,088	-	-	6,088
Restricted for:				
Emergency Reserves	100	-	-	100
Debt Service	-	4,958,942	-	4,958,942
Capital Projects	-	-	362,272	362,272
Unassigned	(20,959)	-	-	(20,959)
Total Fund Balances (Deficit)	<u>(14,771)</u>	<u>4,958,942</u>	<u>362,272</u>	<u>5,306,443</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 43,532</u>	<u>\$ 5,055,783</u>	<u>\$ 3,220,277</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				31,643,077
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				(352,644)
Bonds Payable				(39,155,000)
Accrued Interest on 2020A Bonds				(103,950)
Accrued Interest on 2020B Bonds				(1,732,152)
Accrued Interest on Developer Advance				(41,932)
Net Position of Governmental Activities				<u>\$ (4,436,158)</u>

See accompanying Notes to Basic Financial Statements

**BELFORD NORTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Fund
REVENUES				
Property Taxes	\$ 21	\$ 83	\$ -	\$ 104
Specific Ownership Taxes	2	7	-	9
Net Investment Income	-	86,876	10,554	97,430
Intergovernmental Revenues	22	1,741,338	-	1,741,360
Capital Contributions	-	-	1,475,652	1,475,652
Total Revenues	<u>45</u>	<u>1,828,304</u>	<u>1,486,206</u>	<u>3,314,555</u>
EXPENDITURES				
General:				
Accounting	45,210	-	-	45,210
Audit	10,400	-	-	10,400
County Treasurer's Fees	-	1	-	1
Dues and Licenses	611	-	-	611
District Management	29,980	-	-	29,980
Engineering	875	-	398,774	399,649
Insurance	6,239	-	-	6,239
Legal Services	41,419	-	-	41,419
Miscellaneous	1,704	-	-	1,704
Remit to Town of Parker	7	-	-	7
Traffic and Safety Control	-	-	103,798	103,798
Debt Service:				
Bond Interest - Series 2020A	-	1,247,400	-	1,247,400
Bond Interest - Series 2020B	-	419,581	-	419,581
Paying Agent Fees	-	7,000	-	7,000
Capital Projects:				
Miscellaneous	-	-	250	250
Intergovernmental expenditures - CBCMD	-	-	2,366,278	2,366,278
Capital Outlay	-	-	12,737,809	12,737,809
Total Expenditures	<u>136,445</u>	<u>1,673,982</u>	<u>15,606,909</u>	<u>17,417,336</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(136,400)	154,322	(14,120,703)	(14,102,781)
OTHER FINANCING SOURCES (USES)				
Developer Advance	160,000	-	-	160,000
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
NET CHANGE IN FUND BALANCES	23,600	154,322	(14,120,703)	(13,942,781)
Fund Balances (Deficits) - Beginning of Year	<u>(38,371)</u>	<u>4,804,620</u>	<u>14,482,975</u>	<u>19,249,224</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (14,771)</u>	<u>\$ 4,958,942</u>	<u>\$ 362,272</u>	<u>\$ 5,306,443</u>

See accompanying Notes to Basic Financial Statements

**BELFORD NORTH 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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (13,942,781)

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

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 12,737,809

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.

Developer Advances - Current Year (160,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability (22,058)
Accrued Interest on Debt - Change in Liability (1,038,195)

Change in Net Position of Governmental Activities \$ (2,425,225)

**BELFORD NORTH METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 21	\$ 21	\$ -
Specific Ownership Taxes	2	2	-
Intergovernmental Revenues	15	22	7
Total Revenues	<u>38</u>	<u>45</u>	<u>7</u>
EXPENDITURES			
Accounting	45,000	45,210	(210)
Auditing	10,000	10,400	(400)
Contingency	8,993	-	8,993
Dues and Licenses	1,000	611	389
Engineering	2,000	875	1,125
Insurance	3,000	6,239	(3,239)
District Management	35,000	29,980	5,020
Legal Services	30,000	41,419	(11,419)
Miscellaneous	7,000	1,704	5,296
Remit to Town of Parker	7	7	-
Total Expenditures	<u>142,000</u>	<u>136,445</u>	<u>5,555</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(141,962)	(136,400)	5,562
OTHER FINANCING SOURCES (USES)			
Developer Advance	142,000	160,000	18,000
Total Other Financing Sources (Uses)	<u>142,000</u>	<u>160,000</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCE	38	23,600	23,562
Fund Balance (Deficit) - Beginning of Year	<u>832</u>	<u>(38,371)</u>	<u>(39,203)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 870</u>	<u>\$ (14,771)</u>	<u>\$ (15,641)</u>

See accompanying Notes to Basic Financial Statements

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Belford North 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 13, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a 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 First Amended and Restated Service Plan, approved October 5, 2020, the District was organized in conjunction Belford South Metropolitan District (BSMD). The District serves as the operating district for Belford South Metropolitan 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 NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

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

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Colorado Local Government 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, 2022.

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.

Deposits With Other Entities:

Deposits with other entities represents cash surety deposits held with the Town of Parker for capital costs to be incurred related to projects within the boundary of the District. As surety balances are used toward projects, the related capital cost is recognized on the financial statements of the District.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Restatement of Beginning Net Position

The beginning net position of the governmental activities in the government-wide statement of net position has been restated to record a prior period adjustment to correct the District’s presentation of Deposits with Other Entities, that were related to sureties expensed in prior periods. The District expensed amounts that were deposited with other entities that should have been recorded to Deposits with Other Entities. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning Net Position	\$ (2,755,558)
Adjustment to Correct Presentation of Deposits with Other Entities	744,625
Beginning Net Position, as Restated	<u>\$ (2,010,933)</u>

Deficit

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2023.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 13,915
Cash and Investments - Restricted	<u>5,369,775</u>
Total Cash and Investments	<u><u>\$ 5,383,690</u></u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 420,071
Investments	<u>4,963,619</u>
Total Cash and Investments	<u><u>\$ 5,383,690</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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, 2022, the District's cash deposits had a bank balance and carrying balance of \$420,071.

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.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . 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, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted-Average	
Liquid Asset Trust (COLOTRUST PLUS+)	Under 60 Days	<u>\$ 4,963,619</u>

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, 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, 2022, follows:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022
Governmental Type Activities:				
Capital Assets, Not Being				
Depreciated:				
Construction in Progress	\$ 18,905,268	\$ 12,737,809	\$ -	\$ 31,643,077
Total Capital Assets, Not Being Depreciated	<u>\$ 18,905,268</u>	<u>\$ 12,737,809</u>	<u>\$ -</u>	<u>\$ 31,643,077</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.

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, 2022:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax General					
Obligation Bonds:					
Series 2020A	\$ 22,680,000	\$ -	\$ -	\$ 22,680,000	\$ -
Series 2020B	16,475,000	-	-	16,475,000	-
Bond Interest - 2020B	693,957	1,457,776	419,581	1,732,152	-
Total Bonds Payable	<u>39,848,957</u>	<u>1,457,776</u>	<u>419,581</u>	<u>40,887,152</u>	<u>-</u>
Other Debts:					
Developer Advances:					
Operational	192,644	160,000	-	352,644	-
Accrued Interest on					
Developer Advances:					
Operational	19,874	22,058	-	41,932	-
Total	<u>\$ 40,061,475</u>	<u>\$ 1,639,834</u>	<u>\$ 419,581</u>	<u>\$ 41,281,728</u>	<u>\$ -</u>

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District’s general obligation bonds outstanding during 2022 are as follows:

General Obligation Limited Tax Bonds, Series 2020A (the Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2020B** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds).

Bond Proceeds

The District issued the Bonds on November 2, 2020, in the par amounts of \$22,680,000 and \$16,475,000 for the Senior Bonds and the Subordinate Bonds, respectively.

Proceeds from the sale of the Senior Bonds were used for: (a) paying a portion of the Project Costs; (b) funding reserves and capitalized interest; and (c) paying costs of issuance of the Senior Bonds. Proceeds from the sale of the Subordinate Bonds were used for: (a) paying a portion of the Project Costs; (b) funding any funds created in the Subordinate Indenture; and (c) paying costs of issuance of the Subordinate Bonds.

Senior Bonds Details

The Senior Bonds bear interest at 5.50% per annum, payable semi-annually to the extent of Senior Pledged Revenue available on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2027. The Senior Bonds mature on December 1, 2050. To the extent principal of any Senior Bonds is not paid when due, such principal shall remain outstanding until paid and is to continue to bear interest at the rate then borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date at the rate then borne by the Senior Bonds. The Senior Bonds are not subject to early termination. The Senior Bonds are not subject to acceleration. The Senior Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Senior Bonds.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Senior Indenture, or does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028 and Thereafter	0.00%

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Pledged Revenue

The Senior Bonds are payable solely from and to the extent of Senior Pledged Revenue which means the money derived by the District from the following sources: (a) the Senior Required Mill Levy; (b) the Pledge District Revenues; (c) the Capital Fees; (d) the Infrastructure Capital Mill Levy; (e) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy and the Infrastructure Capital Mill Levy; and (f) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior Required Mill Levy

The District has covenanted to impose an ad valorem mill levy on all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, but (i) not in excess of 57.000 mills, subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2019, less the number of mills necessary to pay any unlimited mill levy debt, and (ii) for so long as the Senior Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 57.000 mills (subject to adjustment) less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will pay the Senior Bonds when due, will replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, and will fund the Senior Surplus Fund up to the Maximum Surplus Amount. The Senior Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Pledge District Revenues

Pledge District Revenues are the moneys derived from the Belford South Capital Revenue, as imposed pursuant to a Capital Pledge Agreement between the District, BSMD, and the Trustee. Pledge District Revenues means the money derived by BSMD from the following sources: (a) the Mandatory Capital Levy; (b) the Capital Fees; (c) the Belford South Infrastructure Capital Mill Levy; (d) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Mandatory Capital Mill Levy and the Infrastructure Capital Mill Levy; and (e) any Payment in Lieu of Taxes (PILOT) from revenues received from any PILOT recorded against Belford South property.

Mandatory Capital Levy

BSMD has covenanted to impose an ad valorem mill levy upon all taxable property of BSMD each year in an amount of 57.000 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2019) less the number of mills necessary to pay any unlimited mill levy debt (the Mandatory Capital Levy). The Mandatory Capital Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Infrastructure Capital Mill Levy

The Infrastructure Capital Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property of the District (and by Belford South upon all taxable property of Belford South) each year, beginning in the first year the District certifies the Senior Required Mill Levy (and the first year that Belford South certifies the Mandatory Capital Mill Levy) in an amount of 5 mills (subject to adjustment). Revenues generated by the Infrastructure Capital Mill Levy are to be used for the planning, design, financing, acquisition, or construction of certain regional infrastructure by, or on behalf of, the District or the Town. The Infrastructure Capital Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Capital Fees

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District and Belford South whether now in effect or imposed in the future, including particularly and without limitation, the Development Fees. Development Fees consist of a one-time fee imposed within the District, within Belford South, and within the Chambers Highpoint Property in the amount of \$25,000 for each single-family detached or attached residential unit, \$20,000 for each multi-family residential unit, and \$25,000 per single-family equivalent (SFE) of water and/or wastewater demand for uses other than single-family or multi-family residential structure within the District. Development Fees are due and payable prior to the issuance of a certificate of occupancy.

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest that was funded from the proceeds of the Senior Bonds in the amount of \$1,971,585, by amounts on deposit in the Senior Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Senior Required Reserve of \$1,904,300, and by amounts, if any, in the Senior Surplus Fund which was not funded from proceeds of the Senior Bonds.

Subject to the receipt of sufficient Senior Pledged Revenue, the Senior Reserve Fund is to be maintained in the amount of the Senior Required Reserve for as long as any Senior Bond is outstanding. The balance in the Senior Reserve Fund at December 31, 2022, is \$1,907,588.

Subject to the receipt of sufficient Senior Pledged Revenue, the Senior Surplus Fund is to be maintained for so long as any Senior Bonds are outstanding. The Senior Surplus Fund will be funded solely from Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year up to the Maximum Surplus Amount of \$2,268,000. The balance in the Senior Surplus Fund as of December 31, 2022, is \$2,285,465.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Bonds Details

The Subordinate Bonds were issued at the rate of 8.50% per annum and are structured as “cash flow” bonds, meaning that no scheduled payments of principal are due on the Subordinate Bonds prior to their maturity date. Instead, principal is payable on each December 15, beginning December 15, 2021, from available Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption. The Subordinate Bonds mature December 15, 2050.

Interest on the Subordinate Bonds is payable on each December 15, commencing December 15, 2021, to the extent of available Subordinate Pledged Revenue and accrued unpaid interest on the Subordinate Bonds will compound annually on each December 15, until sufficient Subordinate Pledged Revenue is available for payment.

To the extent principal of any Subordinate Bond is not paid when due, principal shall remain outstanding until paid, subject to discharge on December 16, 2080. To the extent interest on any Subordinate Bond is not paid when due, such unpaid interest shall compound on each interest date, at the rate then borne by the Subordinate Bond, subject to discharge on December 16, 2080. The Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 16, 2080 regardless of the principal and interest amounts remaining unpaid. The Subordinate Bonds are not subject to acceleration. The Subordinate Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Subordinate Bonds.

Events of Default of the Subordinate Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Subordinate Indenture, or does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028 and Thereafter	0.00%

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which includes: (a) the Subordinate Required Mill Levy; (b) Subordinate Pledge District Revenues; (c) the Subordinate Capital Fee Revenue; (d) the amounts, if any, from the Infrastructure Capital Mill Levy remaining after payment on the Senior Bonds; (e) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy and the Infrastructure Capital Mill Levy, if any, remaining after payment of the Senior Bonds; and (f) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The District has covenanted to impose an ad valorem mill levy, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County, upon all taxable property of the District in an amount of 57.000 mills (subject to adjustment) less the amount of the Senior Bond Mill Levy and the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which, after deduction of the number of mills necessary to pay any unlimited mill levy debt, will be sufficient to pay all of the principal of, premium if any, and interest on the Subordinate Bonds in full. Senior Bond Mill Levy means the ad valorem mill levy required to be applied in connection with any Senior Bonds.

Subordinate Pledge District Revenues

Subordinate Pledge District Revenues means any revenue from Pledge District Revenues remaining after deduction of any amount applied to the payment of any Senior Bonds.

Subordinate Capital Fee Revenue

Subordinate Capital Fee Revenue means any revenue from Pledge District Revenues remaining after deduction of any amount applied to the payment of any Senior Bonds.

Minimum annual principal and interest payments required to retire the Senior Bonds are as follows:

<u>Year Ending December 31,</u>	<u>Bonded Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ -	\$ 1,247,400	\$ 1,247,400
2024	-	1,247,400	1,247,400
2025	-	1,247,400	1,247,400
2026	-	1,247,400	1,247,400
2027	285,000	1,247,400	1,532,400
2028-2032	1,965,000	5,962,550	7,927,550
2033-2037	2,995,000	5,314,925	8,309,925
2038-2042	4,410,000	4,344,725	8,754,725
2043-2048	6,235,000	2,942,775	9,177,775
2048-2050	6,790,000	863,225	7,653,225
Total	<u>\$ 22,680,000</u>	<u>\$ 25,665,200</u>	<u>\$ 48,345,200</u>

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

A debt service schedule for the 2020B Bonds is not provided as the Bonds are cash flow bonds and the timing of the payments are unknown.

Debt Authorization

On May 5, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$403,000,000. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 5, 2018 Election	Authorization Used Series 2020A	Authorization Used Series 2020B	Remaining at December 31, 2022
Streets	\$ 31,000,000	\$ 12,644,189	\$ 9,184,877	\$ 9,170,934
Water	31,000,000	1,995,834	1,449,796	27,554,370
Sanitary Sewer	31,000,000	6,101,174	4,431,959	20,466,867
Park and Recreation	31,000,000	1,938,803	1,408,368	27,652,829
Traffic and Safety	31,000,000	-	-	31,000,000
Mosquito Control	31,000,000	-	-	31,000,000
Public Transportation	31,000,000	-	-	31,000,000
Security	31,000,000	-	-	31,000,000
Fire Protection	31,000,000	-	-	31,000,000
Television Relay and Translation	31,000,000	-	-	31,000,000
Operations and Maintenance	31,000,000	-	-	31,000,000
Intergovernmental Agreements	31,000,000	-	-	31,000,000
Refunding	31,000,000	-	-	31,000,000
Total	<u>\$ 403,000,000</u>	<u>\$ 22,680,000</u>	<u>\$ 16,475,000</u>	<u>\$ 363,845,000</u>

Pursuant to the First Amended and Restated Service Plan, the District in conjunction with BSMD 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 BSMD allocating 100% of the Aggregate Debt Cap to the District.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 NET POSITION

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

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 100
Debt Service	494,355
Total Restricted Net Position	\$ 494,455

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

The primary developer of the land within the District is Compark South LLC (the 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.

Reimbursement Agreement (Operations)

On July 17, 2018, the District and the prior Developer entered into a Reimbursement Agreement (Operations) 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%. On August 11, 2020, the prior Developer assigned all rights and responsibilities of the OFAs to the Developer. As of December 31, 2022, outstanding advances under the agreement totaled \$352,644 and accrued interest totaled \$41,932.

NOTE 8 ECONOMIC DEPENDENCY

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

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 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 IGA with Compark Business Campus Metropolitan District (CBC) and BSMD in order to facilitate the construction of the Outfall Sewer and Water Line Bore public improvement projects (Projects) needed to provide the District and BSMD with water and sanitary sewer services.

CBC will fund and complete the Projects with the understanding that the District and BSMD will reimburse CBC under the terms of the agreement. None of the amounts to be reimbursed will accrue interest. The Projects were completed in 2022. Pursuant to the Master Intergovernmental Agreement described below, the costs allocated to District and BSMD of \$2,366,278 were invoiced to the District in 2022. As of December 31, 2022 \$2,366,278 remains outstanding.

Master Intergovernmental Agreement

On October 20, 2020, the District and BSMD (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, The District was designated as the “operating district” (the Operating District). BSMD was designated as the “financing district” (the Financing District).

Intergovernmental Agreements with the Town of Parker

The District and BSMD have each entered into a separate intergovernmental agreement with the Town of Parker (collectively, the Town IGAs). The District entered into the First Amended and Restated Intergovernmental Agreement with the Town of Parker on October 5, 2020 which superseded and replaced the original Town IGA approved on December 2, 2019. 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, constructions, 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.

NOTE 10 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as may be amended, 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.

**BELFORD NORTH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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 11 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 that 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 5, 2018, 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'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.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2022, the District had unexpended construction related contract commitments of approximately \$493,116.

SUPPLEMENTARY INFORMATION

**BELFORD NORTH METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 84	\$ 83	\$ (1)
Specific Ownership Taxes	7	7	-
Net Investment Income	2,000	86,876	84,876
Intergovernmental Revenues	1,600,092	1,741,338	141,246
Total Revenues	<u>1,602,183</u>	<u>1,828,304</u>	<u>226,121</u>
EXPENDITURES			
County Treasurer's Fees	1	1	-
Bond Interest - Series 2020A	1,247,400	1,247,400	-
Bond Interest - Series 2020B	1,533,625	419,581	1,114,044
Paying Agent Fees	7,000	7,000	-
Total Expenditures	<u>2,788,026</u>	<u>1,673,982</u>	<u>1,114,044</u>
NET CHANGE IN FUND BALANCE	(1,185,843)	154,322	1,340,165
Fund Balance - Beginning of Year	<u>4,175,630</u>	<u>4,804,620</u>	<u>628,990</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,989,787</u></u>	<u><u>\$ 4,958,942</u></u>	<u><u>\$ 1,969,155</u></u>

**BELFORD NORTH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ 1,000	\$ 10,554	\$ 10,554	\$ -
Capital Contributions	-	1,951,096	1,475,652	(475,444)
Total Revenues	1,000	1,961,650	1,486,206	(475,444)
EXPENDITURES				
Miscellaneous	-	250	250	-
Capital Outlay	12,171,054	12,830,900	12,737,809	93,091
Capital Cost Share - SVMDB/BSMD	125,000	-	-	-
Engineering	500,000	398,774	398,774	-
Intergovernmental Expenditures - CBCMD	-	2,366,278	2,366,278	-
Traffic and Safety Control	-	103,798	103,798	-
Total Expenditures	12,796,054	15,700,000	15,606,909	93,091
NET CHANGE IN FUND BALANCE	(12,795,054)	(13,738,350)	(14,120,703)	(382,353)
Fund Balance - Beginning of Year	12,795,054	13,738,350	14,482,975	744,625
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,272</u>	<u>\$ 362,272</u>

OTHER INFORMATION

**BELFORD NORTH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$22,680,000 General Obligation Limited Tax Bonds
Series 2020A Senior Bond Issue,
Dated November 2, 2020
Interest Rate 5.500%
Principal Due December 1
Interest Payable June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,247,400	\$ 1,247,400
2024	-	1,247,400	1,247,400
2025	-	1,247,400	1,247,400
2026	-	1,247,400	1,247,400
2027	285,000	1,247,400	1,532,400
2028	330,000	1,231,725	1,561,725
2029	345,000	1,213,575	1,558,575
2030	395,000	1,194,600	1,589,600
2031	420,000	1,172,875	1,592,875
2032	475,000	1,149,775	1,624,775
2033	500,000	1,123,650	1,623,650
2034	560,000	1,096,150	1,656,150
2035	590,000	1,065,350	1,655,350
2036	655,000	1,032,900	1,687,900
2037	690,000	996,875	1,686,875
2038	765,000	958,925	1,723,925
2039	805,000	916,850	1,721,850
2040	885,000	872,575	1,757,575
2041	935,000	823,900	1,758,900
2042	1,020,000	772,475	1,792,475
2043	1,075,000	716,375	1,791,375
2044	1,170,000	657,250	1,827,250
2045	1,235,000	592,900	1,827,900
2046	1,340,000	524,975	1,864,975
2047	1,415,000	451,275	1,866,275
2048	1,530,000	373,450	1,903,450
2049	1,615,000	289,300	1,904,300
2050	3,645,000	200,475	3,845,475
Total	<u>\$ 22,680,000</u>	<u>\$ 25,665,200</u>	<u>\$ 48,345,200</u>

**BELFORD NORTH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

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	
2019	\$ 83,780	47.300	0.000	\$ 3,963	\$ 3,963	100.00 %
2020	87,660	47.388	0.000	4,154	4,154	100.00
2021	87,660	15.000	62.000	6,750	6,750	100.00
2022	1,350	15.000	62.000	105	104	99.05
Estimated for the Year Ending December 31, 2023	\$ 1,561,940	15.000	62.000	\$ 120,270		