

BELFORD SOUTH METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the 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, 2024, 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.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

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.

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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.

Supplemental 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 supplemental 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 supplemental 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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

October 16, 2025

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BELFORD SOUTH METROPOLITAN DISTRICT

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

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS					
Cash and investments	\$ 36,676	\$ -	\$ 36,676	\$ -	\$ 36,676
Cash and investments - restricted	-	1,342,089	1,342,089	-	1,342,089
Taxes due from County	616	2,546	3,162	-	3,162
Due from other districts	11,413	-	11,413	-	11,413
Other receivable	-	4,520,000	4,520,000	-	4,520,000
Property taxes receivable	93,682	387,243	480,925	-	480,925
Capital assets not being depreciated	-	-	-	491,046	491,046
Total Assets	<u>\$ 142,387</u>	<u>\$ 6,251,878</u>	<u>\$ 6,394,265</u>	<u>491,046</u>	<u>6,885,311</u>
LIABILITIES					
Due to other districts	\$ -	\$ 5,864,635	\$ 5,864,635	-	5,864,635
Due to Town of Parker	48,705	-	48,705	-	48,705
Long-term liabilities:					
Due in more than one year	-	-	-	1,205,590	1,205,590
Total Liabilities	<u>48,705</u>	<u>5,864,635</u>	<u>5,913,340</u>	<u>1,205,590</u>	<u>7,118,930</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>93,682</u>	<u>387,243</u>	<u>480,925</u>	-	<u>480,925</u>
Total Deferred Inflows of Resources	<u>93,682</u>	<u>387,243</u>	<u>480,925</u>	-	<u>480,925</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Unassigned	-	-	-	-	-
Total Fund Balances	-	-	-	-	-
Total Liabilities and Fund Balances	<u>\$ 142,387</u>	<u>\$ 6,251,878</u>	<u>\$ 6,394,265</u>		
Net Position:					
Unrestricted				<u>(714,544)</u>	<u>(714,544)</u>
Total Net Position (Deficit)				<u>\$ (714,544)</u>	<u>\$ (714,544)</u>

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

BELFORD SOUTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2024

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES					
<u>Operating:</u>					
Remit to Belford North	\$ 69,995	\$ 5,862,038	\$ 5,932,033	\$ -	\$ 5,932,033
Remit to Town of Parker	32,407	-	32,407	-	32,407
Treasurer fees	1,381	5,707	7,088	-	7,088
Interest on developer advances - operations	-	-	-	14,112	14,112
Interest on developer advances - capital	-	-	-	47,610	47,610
Total Expenditures	<u>103,783</u>	<u>5,867,745</u>	<u>5,971,528</u>	<u>61,721</u>	<u>6,033,249</u>
GENERAL REVENUES					
Property taxes	91,731	379,162	470,893	-	470,893
Specific ownership taxes	6,871	28,401	35,272	-	35,272
System development fees	-	5,445,000	5,445,000	-	5,445,000
Miscellaneous income	1,508	-	1,508	-	1,508
Interest income	3,673	15,182	18,855	-	18,855
Total General Revenues	<u>103,783</u>	<u>5,867,745</u>	<u>5,971,528</u>	<u>-</u>	<u>5,971,528</u>
NET CHANGES IN FUND BALANCES	-	-	-	-	
CHANGES IN NET POSITION				(61,721)	(61,721)
FUND BALANCES/NET POSITION					
BEGINNING OF YEAR-RESTATED NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>(652,823)</u>	<u>(652,823)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (714,544)</u>	<u>\$ (714,544)</u>

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

BELFORD SOUTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2024

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 91,729	\$ 91,731	\$ 2
Specific ownership taxes	8,256	6,871	(1,385)
Miscellaneous income	5,015	1,508	(3,507)
Interest income	<u>-</u>	<u>3,673</u>	<u>3,673</u>
Total Revenues	<u>105,000</u>	<u>103,783</u>	<u>(1,217)</u>
EXPENDITURES			
Remit to Belford North	65,740	69,995	(4,255)
Remit to Town of Parker	32,869	32,407	462
Treasurer fees	1,376	1,381	(5)
Contingency	<u>5,015</u>	<u>-</u>	<u>5,015</u>
Total Expenditures	<u>105,000</u>	<u>103,783</u>	<u>1,217</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for 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 on October 5, 2020. 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 Second 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.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 36,676
Cash and investments - restricted	<u>1,342,089</u>
Total	<u>\$ 1,378,765</u>

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

Investments - COLOTRUST	\$ <u>1,378,765</u>
	\$ <u>1,378,765</u>

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

The District had no deposits at December 31, 2024

Investments

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Valuation

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

As of December 31, 2024, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2024, the District had \$1,378,765 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2024</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 491,046	\$ -	\$ -	\$ 491,046

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 Financial Statements
December 31, 2024

Note 4: Long-Term Debt

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

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Current Portion
Other Debts					
Developer advances- Operating	176,394	-	-	176,394	-
Developer advances- Capital	595,121	-	-	595,121	-
Accrued interest operating	65,700	14,112	-	79,812	-
Accrued interest capital	306,654	47,610	-	354,264	-
	<u>1,143,869</u>	<u>61,721</u>	<u>-</u>	<u>1,205,590</u>	<u>-</u>
	<u>\$ 1,143,869</u>	<u>\$ 61,721</u>	<u>\$ -</u>	<u>\$ 1,205,590</u>	<u>\$ -</u>

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

470 Compark Facilities Funding and Acquisition Agreement

The District and the Prior Developer entered into the Facilities Funding and Acquisition Agreement (Belford North Metropolitan District), effective as of June 29, 2016 (the “Prior FFAA”), pursuant to which the District agrees to reimburse the Prior Developer for costs incurred by the Prior Developer related to the advance of moneys for the construction and acquisition of or the construction of certain public infrastructure improvements, including water, sanitary sewer, street, roadways, safety and protection improvements, drainage improvements and any other public improvements authorized by the District’s Service Plan (the “District FFAA Improvements”). The parties to the Prior FFAA agreed that either the Prior Developer will construct or cause to be constructed the District FFAA Improvements, or the Prior Developer will fund the construction or installation of the District FFAA Improvements, and the District will reimburse the Prior Developer for such construction. The Prior Developer is to give notice of its intent to construct the District FFAA Improvements or to advance funds for the construction of the District FFAA Improvements prior to commencement of construction and the Prior Developer agrees to construct the District FFAA Improvements in accordance with the standards set forth in the Prior FFAA.

The Prior FFAA sets forth the procedure for advance of funds to the District by the Prior Developer and for the acquisition by the District of the District FFAA Improvements constructed by the Prior Developer. In the Prior FFAA, the District agrees to make payment to the Prior Developer for all costs related to the District FFAA Improvements, plus simple interest thereon to be accrued at a rate of 8% per annum from the date of expenditure through the date of repayment. The parties to the Prior FFAA agree that no payment shall be required by the District to the Prior Developer for District FFAA Improvements constructed or acquired thereunder until the District issues bonds.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The Prior FFAA further provides that the Prior FFAA evidences an intent to reimburse the Prior Developer, but that the Prior FFAA is not to constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation and that the making of any reimbursements under the Prior FFAA is subject to annual appropriation by the District. The District's obligation to reimburse the Prior Developer under the Prior FFAA expires forty (40) years after the costs are accepted by the District at which point any amount of principal and accrued interest outstanding on such date will be deemed to be forever discharged and satisfied in full.

On November 25, 2020, the Prior Developer assigned all rights and responsibilities of the Prior FFAA to the Developer.

Infrastructure Acquisition and Reimbursement Agreement dated May 17, 2023 between the District and Compark South, LLC.

On May 17, 2023, the District and Compark South, LLC (the "Developer") entered into an Infrastructure Acquisition and Reimbursement Agreement (the Developer Reimbursement Agreement) pursuant to which the District agrees to reimburse the Developer for costs incurred by the Developer related to the financing, construction, installation and acquisition of certain public infrastructure improvements, as authorized by the Special District Act and the District's Service Plan (the "Public Infrastructure").

The Developer Reimbursement Agreement sets forth the procedures for the District's acquisition of Public Infrastructure and reimbursement to the Developer for costs related to the provision of Public Infrastructure. In the Developer Reimbursement Agreement, the District agrees to make payment to the Developer for all Certified District Eligible Costs accepted by the District pursuant to a District Acceptance Resolution (as defined therein). The parties to the Developer Reimbursement Agreement agree that no payment shall be required by the District to the Developer for Public Infrastructure constructed or acquired thereunder until the District issues bonds.

The Developer Reimbursement Agreement further provides that the Developer Reimbursement Agreement shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation and that the making of any reimbursements under the Developer Reimbursement Agreement is subject to annual appropriation by the District. As of December 31, 2024, outstanding advances under the agreement totaled \$595,121 and accrued interest totaled \$354,264.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

470 Compark Operating Reimbursement Agreement.

January 1, 2017, the District and 470 Compark LLC (the “Prior Developer”) entered into a 2017-2021 Operation Funding Agreement (the Prior OFA). Pursuant to the Prior OFA, the Prior Developer agreed to advance monies to the District for operations and maintenance (O&M) costs for fiscal years 2017-2021. The District agreed to repay the Prior Developer for such O&M advances plus accrued interest at the rate of 8%.

The Prior OFA shall not constitute a “debt” or multiple-fiscal year direct or indirect District debt or other financial obligation whatsoever of the District within the meaning of the Colorado Constitution or any Colorado law and shall be subject to annual appropriation. The Prior Developer’s obligation to advance funds to the District expired on March 15, 2022. The District’s obligation to reimburse Prior Developer expires on December 31, 2051.

On November 25, 2020, the Prior Developer assigned all rights and responsibilities of the Prior OFA to the Developer.

Funding and Reimbursement Agreement (Operations and Maintenance) dated May 17, 2023 with Compark South LLC.

The District and the Developer entered into a Funding and Reimbursement Agreement (Operations & Maintenance) dated May 17, 2023 (the “Operations Funding Agreement”). Pursuant to the Operations Funding Agreement, the Developer agreed to make advances to the District in an amount not to exceed the aggregate of \$50,000 per annum for two years, up to \$100,000 (“Maximum Loan Amount”) for the purpose of funding general operating, administrative and maintenance costs of the District. Upon request of the Developer, the District has agreed to issue one or more reimbursement notes, bonds or other instruments in an aggregate amount not to exceed the Maximum Loan Amount to evidence the District’s obligation to repay the funds advanced under the Operations Funding Agreement, plus interest. The Operations Funding Agreement evidences an intent of the District to repay the Developer to the extent that funds are available from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt service obligations or annual operations and maintenance costs of the District. Any mill levy certified by the District for the purpose of repaying advances made under the Operations Funding Agreement shall not exceed 10.000 mills, subject to adjustment and any Service Plan limitations. The Operations Funding Agreement shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation and that the making of any reimbursements under the Operations Funding Agreement is subject to annual appropriation by the District. The term for repayment of this obligation is not to extend beyond 20 years from the date of the Operations Funding Agreement. As of December 31, 2024, outstanding advances under the agreement totaled \$176,394 and accrued interest totaled \$79,812.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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, 2024, the District had authorized but unissued indebtedness of \$210,600,000.

Pursuant to the Second 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.

Note 5: Other Agreements

Outfall Sewer and Water Line Bore/North/South/CBCMD

On August 20, 2020, the District entered into an intergovernmental agreement with Compark Business Campus Metropolitan District (CBCMD) and Belford North Metropolitan District (BNMD) (the "IGA") in order to facilitate the construction of the Outfall Sewer and Water Line Bore public improvement project needed to provide the District and BNMD with water and sanitary sewer services (the "Projects").

Pursuant to the IGA, CBCMD agreed to fund and complete the Projects with the understanding that the District and BNMD will reimburse CBCMD. Pursuant to the IGA, based on the reasonably anticipated benefit to each of the districts, the parties agreed to allocate the cost of the Outfall Sewer 40% to CBCMD, 26.4% to the District, and 33.6% to BSMD, and the cost of the Water Line Bore 44% to the District and 56% to BSMD. The parties agreed the Districts would each reimburse CBCMD, without interest, for the Districts' respective shares of the allocated costs as soon as practicable following receipt of sufficient funding to do so. It is anticipated that BNMD will utilize bond proceeds to reimburse CBCMD for the amounts owed to CBCMD under the Outfall Sewer and Water Line Bore IGA. However, the Districts' obligations to reimburse CBCMD as set forth in the Outfall Sewer and Water Line Bore IGA are expressly subject to annual appropriation by each District's respective Board of Directors and do not establish debt or other multi-fiscal year obligations of the Districts.

Assignment of Water and Wastewater Service SFE – Belford South 200.

On August 1, 2020, the District, Stonegate Village MD, and CBCMD entered into an "Assignment of Water and Wastewater Service SFE – Belford South" whereby 200 SFEs of CBCMD excess wastewater service capacity were transferred to the District. The District shall not sell, pledge, assign, encumber, or alienate any assigned SFEs for use outside of its boundaries without the prior consent of both Stonegate and CBCMD. The assignment will stay effective until all assigned SFE's have been connected to and are being served by Stonegate's Water System and Wastewater System or until all unused assigned SFE's revert back to CBCMD. Stonegate shall provide water and wastewater service to the District's service area in the amount of Belford's water and wastewater service ratio portion. The District agreed to construct certain facilities necessary to serve customers in its service area and to pay its pro-rata share of the Capital Cost Share (as defined therein) associated with the assigned SFEs.

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

IGA re: Green Acres Tributary Improvements Design. South/Compark.

The District and CBCMD entered into an Intergovernmental Agreement Regarding Funding of Green Acres Tributary Improvements Design dated effective as of June 17, 2019 (the “Green Acres Design IGA”). Pursuant to the Green Acres Design IGA, CBCMD agreed to pay the Town \$478,747.00 to fund the Green Acres Tributary Payment that was due to Town in accordance with the Fee for Design Agreement (as defined therein). In the Green Acres Design IGA, Belford South agreed to reimburse CBCMD for making the Green Acres Tributary Payment. Such Belford South reimbursement is subject to annual appropriation by Belford South and does not establish a debt or other multi-fiscal year obligation of Belford South and may be made from any legally available funds of Belford South.

Master Intergovernmental Agreement

On October 16, 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) and the District was designated as the “financing district” (the Financing District).

The MIGA establishes a multi-fiscal year obligation on behalf of each of the Districts to impose an operations and maintenance mill levy not to exceed 10.000 mills, as adjusted, as necessary to fund the operation and maintenance of certain Public Improvements and the administration of the Districts. The Master IGA shall remain in force unless terminated in accordance with its terms.

IGA Re: Debt Allocation:

The District and BNMD entered into an Intergovernmental Agreement Regarding Debt Allocation on October 19, 2020 (“Debt IGA”). Pursuant to the Debt IGA, the District and BNMD agreed to allocate 100% of the Service Plan aggregate debt cap to BNMD.

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 Financial Statements December 31, 2024

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 the District or any District owned “enterprise” under Article X, Section 20 of the Colorado Constitution, for services, programs, or facilities furnished by the District, 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 the District from any action to enforce the collection of Capital Fees.

Service Plan/Town IGA:

As required by the Service Plan, the District entered into an intergovernmental agreement with the Town of Parker dated December 2, 2019 (the Town IGA). 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. The Town IGA provides that the District impose the Infrastructure Capital Mill Levy (5.000) mills, subject to adjustment) and use the proceeds for Regional Infrastructure. The Town IGA requires that the proceeds of the Infrastructure Capital Mill Levy be paid by the District to the Town; however, the District is permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the Bonds). The Town IGA also provides that the District impose the Town Capital and Maintenance Mill Levy (5.000 mills, subject to adjustment) and remit revenues to the Town for the planning, design, constructions, and/or maintenance of Town infrastructure.

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

During 2024, the District imposed 5.399 mills for the Town Capital and Maintenance Mill Levy and \$0 to the Town under the Town IGA. The Infrastructure Capital Mill Levy of 5.399 Mills is pledged to the BNMD Bonds.

Development Fees (South)

The District imposes “Development Fees” pursuant to an Amended and Restated Resolution of the Board of Directors of Belford South Metropolitan District Regarding the Imposition of Development Fees and Notice of System Access Fees, adopted on February 25, 2020.

“Development Fees” consist of a one-time fee 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. The Development Fees may be increased by the District, in the District’s discretion, by up to the Consumer Price Index for Denver-Boulder, all items, all urban consumers (or successor index) each year commencing after January 1, 2019. A Development Fee is due and payable prior to the issuance of a certificate of occupancy. Any unpaid Development Fee shall constitute a statutory and perpetual charge and lien from the date the same becomes due and payable until paid, plus interest at the rate of 18% per annum. The District is authorized to utilize the revenues from the Development Fees for costs associated with capital improvements

Note 6: 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.

Note 7: Tax, Spending and Debt Limitations

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

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

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 Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

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

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

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

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

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

BELFORD SOUTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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

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

SUPPLEMENTAL INFORMATION

BELFORD SOUTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2024

	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 379,155	\$ 379,155	\$ 379,162	\$ 7
Specific ownership taxes	34,124	34,124	28,401	(5,723)
System development fees	1,600,000	5,580,000	5,445,000	(135,000)
Interest income	<u>6,721</u>	<u>6,721</u>	<u>15,182</u>	<u>8,461</u>
Total Revenues	<u>2,020,000</u>	<u>6,000,000</u>	<u>5,867,745</u>	<u>(132,255)</u>
EXPENDITURES				
Remit to Belford North	2,014,313	5,994,293	5,862,038	132,255
Treasurer fees	<u>5,687</u>	<u>5,707</u>	<u>5,707</u>	<u>-</u>
Total Expenditures	<u>2,020,000</u>	<u>6,000,000</u>	<u>5,867,745</u>	<u>132,255</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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