

BELFORD NORTH METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	27
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	28

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, 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 North 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.

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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 15, 2025

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BELFORD NORTH METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 104,268	\$ -	\$ -	\$ 104,268	\$ -	\$ 104,268
Cash and investments - restricted	1,500	3,690,920	30,355	3,722,775	-	3,722,775
Taxes due from County	93	385	-	478	-	478
Due from other districts	-	5,864,635	-	5,864,635	-	5,864,635
Town of Parker surety	-	-	2,466,641	2,466,641	-	2,466,641
Property taxes receivable	13,897	57,443	-	71,340	-	71,340
Other deposit	-	-	2,500	2,500	-	2,500
Capital assets not being depreciated	-	-	-	-	32,059,773	32,059,773
Total Assets	<u>\$ 119,758</u>	<u>\$ 9,613,383</u>	<u>\$ 2,499,496</u>	<u>\$ 12,232,637</u>	<u>32,059,773</u>	<u>44,292,410</u>
LIABILITIES						
Accounts payable	\$ 87,532	\$ 7,000	\$ 62,653	\$ 157,185	-	157,185
Due to other districts	11,413	-	2,429,651	2,441,064	-	2,441,064
Due to Town of Parker	10,503	-	-	10,503	-	10,503
Accrued interest on bonds	-	-	-	-	103,950	103,950
Long-term liabilities:						
Due in more than one year	-	-	-	-	43,952,558	43,952,558
Total Liabilities	<u>109,448</u>	<u>7,000</u>	<u>2,492,304</u>	<u>2,608,752</u>	<u>44,056,508</u>	<u>46,665,260</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>13,897</u>	<u>57,443</u>	<u>-</u>	<u>71,340</u>	<u>-</u>	<u>71,340</u>
Total Deferred Inflows of Resources	<u>13,897</u>	<u>57,443</u>	<u>-</u>	<u>71,340</u>	<u>-</u>	<u>71,340</u>
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Debt service	-	9,548,940	-	9,548,940	(9,548,940)	-
Capital	-	-	7,192	7,192	(7,192)	-
Unassigned	<u>(5,087)</u>	<u>-</u>	<u>-</u>	<u>(5,087)</u>	<u>5,087</u>	<u>-</u>
Total Fund Balances	<u>(3,587)</u>	<u>9,548,940</u>	<u>7,192</u>	<u>9,552,545</u>	<u>(9,552,545)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 119,758</u>	<u>\$ 9,613,383</u>	<u>\$ 2,499,496</u>	<u>\$ 12,232,637</u>		
Net Position:						
Restricted for:						
Emergencies					1,500	1,500
Debt service					9,487,148	9,487,148
Capital projects					(96,758)	(96,758)
Unrestricted					<u>(11,836,080)</u>	<u>(11,836,080)</u>
Total Net Position (Deficit)					<u>\$ (2,444,190)</u>	<u>\$ (2,444,190)</u>

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

BELFORD NORTH 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>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
<u>Operating:</u>						
Accounting	\$ 64,215	\$ -	\$ -	\$ 64,215	\$ -	\$ 64,215
Auditing	13,000	-	-	13,000	-	13,000
Insurance	7,832	-	-	7,832	-	7,832
Legal	27,605	-	-	27,605	-	27,605
Director's fees and payroll taxes	2,691	-	-	2,691	-	2,691
District management	16,406	-	-	16,406	-	16,406
Elections	1,007	-	-	1,007	-	1,007
Repairs and maintenance	-	-	1,900	1,900	-	1,900
Landscaping	56,977	-	-	56,977	-	56,977
Utilities	515	-	-	515	-	515
Water	-	-	10,582	10,582	-	10,582
Snow removal	939	-	-	939	-	939
Remit to Town of Parker	4,909	-	-	4,909	-	4,909
Engineering	-	-	1,595	1,595	-	1,595
Miscellaneous	150	-	-	150	-	150
Treasurer fees	212	862	-	1,074	-	1,074
Bond interest	-	1,251,245	-	1,251,245	1,627,900	2,879,145
Paying agent fees	-	7,000	-	7,000	-	7,000
Capital costs SVM	-	-	23,819	23,819	-	23,819
Capital outlay	-	-	37,525	37,525	-	37,525
Interest on developer advances - operations	-	-	-	-	37,254	37,254
Interest on developer advances - capital	-	-	-	-	41,411	41,411
Total Expenditures	<u>196,458</u>	<u>1,259,107</u>	<u>75,421</u>	<u>1,530,986</u>	<u>1,706,565</u>	<u>3,237,551</u>
GENERAL REVENUES						
Property taxes	13,897	57,443	-	71,340	-	71,340
Specific ownership taxes	1,040	4,303	-	5,343	-	5,343
Intergovernmental revenue	69,995	5,862,038	-	5,932,033	-	5,932,033
Miscellaneous income	2,211	-	18,291	20,502	-	20,502
Interest income	-	211,494	-	211,494	-	211,494
Total General Revenues	<u>87,143</u>	<u>6,135,278</u>	<u>18,291</u>	<u>6,240,712</u>	<u>-</u>	<u>6,240,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(109,315)	4,876,171	(57,130)	4,709,726	(1,706,565)	3,003,161
OTHER FINANCING SOURCES (USES)						
Developer advances	<u>205,000</u>	<u>-</u>	<u>20,000</u>	<u>225,000</u>	<u>(225,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>-</u>	<u>20,000</u>	<u>225,000</u>	<u>(225,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	95,685	4,876,171	(37,130)	4,934,726	(4,934,726)	
CHANGES IN NET POSITION					3,003,161	3,003,161
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR-RESTATE	<u>(99,272)</u>	<u>4,672,769</u>	<u>44,322</u>	<u>4,617,819</u>	<u>(10,065,170)</u>	<u>(5,447,351)</u>
END OF YEAR	<u><u>\$ (3,587)</u></u>	<u><u>\$ 9,548,940</u></u>	<u><u>\$ 7,192</u></u>	<u><u>\$ 9,552,545</u></u>	<u><u>\$ (11,996,735)</u></u>	<u><u>\$ (2,444,190)</u></u>

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

BELFORD NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 13,897	\$ 13,897	\$ 13,897	\$ -
Specific ownership taxes	1,251	1,251	1,040	(211)
Miscellaneous income	-	-	2,211	2,211
Intergovernmental revenue	<u>65,740</u>	<u>65,740</u>	<u>69,995</u>	<u>4,255</u>
Total Revenues	<u>80,888</u>	<u>80,888</u>	<u>87,143</u>	<u>6,255</u>
EXPENDITURES				
Accounting	45,000	55,000	64,215	(9,215)
Auditing	6,500	6,500	13,000	(6,500)
Insurance	8,000	8,000	7,832	168
Legal	30,000	30,000	27,605	2,395
Director's fees and payroll taxes	-	-	2,691	(2,691)
District management	35,000	35,000	16,406	18,594
Elections	3,000	3,000	1,007	1,993
Landscaping	15,000	40,000	56,977	(16,977)
Utilities	-	-	515	(515)
Snow removal	10,000	10,000	939	9,061
Remit to Town of Parker	8,500	8,500	4,909	3,591
Miscellaneous	-	-	150	(150)
Treasurer fees	208	208	212	(4)
Contingency	<u>3,792</u>	<u>3,792</u>	<u>-</u>	<u>3,792</u>
Total Expenditures	<u>165,000</u>	<u>200,000</u>	<u>196,458</u>	<u>3,542</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(84,112)	(119,112)	(109,315)	9,797
OTHER FINANCING SOURCES				
Developer advances	<u>85,200</u>	<u>117,251</u>	<u>205,000</u>	<u>87,749</u>
Total Other Financing Sources	<u>85,200</u>	<u>117,251</u>	<u>205,000</u>	<u>87,749</u>
NET CHANGE IN FUND BALANCE	1,088	(1,861)	95,685	97,546
FUND BALANCE:				
BEGINNING OF YEAR	<u>1,861</u>	<u>1,861</u>	<u>(99,272)</u>	<u>(101,133)</u>
END OF YEAR	<u>\$ 2,949</u>	<u>\$ -</u>	<u>\$ (3,587)</u>	<u>\$ (3,587)</u>

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

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Belford North 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 13, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates pursuant to 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.

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.

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

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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 NORTH 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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

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 General 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 NORTH 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 NORTH 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.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,500 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$9,548,940 is restricted for the payment of the debt service costs (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$7,192 is restricted for the payment of the costs for capital improvements within the District.

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.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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.

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	\$ 104,268
Cash and investments - restricted	<u>3,722,775</u>
Total	\$ <u>3,827,043</u>

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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

Deposits with financial institutions	\$ 197,203
Investments - COLOTRUST	<u>3,629,840</u>
	\$ <u>3,827,043</u>

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.

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.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

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 \$3,629,840 invested in COLOTRUST PLUS+.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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	<u>\$ 32,059,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,059,773</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 4: Long-Term Debt

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

	<u>Balance 1/1/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2024</u>	<u>Current Portion</u>
<u>General Obligation Bonds:</u>					
Series 2020A	\$ 22,680,000	\$ -	\$ -	\$ 22,680,000	\$ -
Series 2020B	16,475,000	-	-	16,475,000	-
Accrued interest 2020B	<u>1,891,826</u>	<u>1,627,900</u>	<u>-</u>	<u>3,519,726</u>	<u>-</u>
	<u>41,046,826</u>	<u>1,627,900</u>	<u>-</u>	<u>42,674,726</u>	<u>-</u>
Other Debts					
Developer advances- Operating	432,644	205,000	-	637,644	-
Developer advances- Capital	460,000	20,000	-	480,000	-
Accrued interest operating	73,457	41,411	-	114,868	-
Accrued interest capital	<u>8,066</u>	<u>37,254</u>	<u>-</u>	<u>45,320</u>	<u>-</u>
	<u>974,167</u>	<u>303,665</u>	<u>-</u>	<u>1,277,832</u>	<u>-</u>
	<u>\$ 42,020,993</u>	<u>\$ 1,931,565</u>	<u>\$ -</u>	<u>\$ 43,952,558</u>	<u>\$ -</u>

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

A description of the long-term obligations as of December 31, 2024, is 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).

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. 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 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.

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>Redemption</u>	<u>Redemption Date of 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 Financial Statements December 31, 2024

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. 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 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.

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 Financial Statements December 31, 2024

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 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.

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.

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 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.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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 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.

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:

	Redemption Date of Redemption
	Premium
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%

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.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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 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 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:

	Principal	Interest	Total
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
2030-2034	2,350,000	5,737,050	8,087,050
2035-2039	3,505,000	4,970,900	8,475,900
2040-2044	5,085,000	3,842,575	8,927,575
2045-2049	7,135,000	2,231,900	9,366,900
2050	3,645,000	200,475	3,845,475
	<u>\$22,680,000</u>	<u>\$23,170,400</u>	<u>\$ 45,850,400</u>

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, 2024, the District had authorized but unissued indebtedness in the amount of \$363,845,000. 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 Financial Statements December 31, 2024

Note 5: Other Agreements
470 Compark Operating Reimbursement Agreement.

On July 17, 2018, the District and 470 Compark LLC (the “Prior Developer”) entered into a Reimbursement Agreement (Belford North Metropolitan District – Operations) (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. 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 term of the Prior OFA extends from its date through and including December 31, 2048, unless terminated earlier by mutual written consent of the parties thereto.

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 \$637,644 and accrued interest totaled \$114,868.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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 July 17, 2018 (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. 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 will commence on the date costs or advances and shall expire thirty (30) years thereafter 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. As of December 31, 2024, no amounts are outstanding under the Prior FFAA.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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, \$525,319 is currently outstanding under the Developer Reimbursement Agreement.

Intergovernmental 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 South Metropolitan District (BSMD) (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 BSMD with water and sanitary sewer services (the “Projects”).

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Pursuant to the IGA, CBCMD agreed to fund and complete the Projects with the understanding that the District and BSMD 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 the District 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.

The Projects were completed in 2022 and the District was invoiced \$2,366,278 for the Belford District's share of the project costs by CBCMD pursuant to the allocation set forth in the agreement. As of December 31, 2024, \$2,366,278 remains outstanding. The District is in the process of establishing a revenue base sufficient to pay operational and other expenditures.

Master Intergovernmental Agreement

On October 16, 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) and BSMD 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 BSMD entered into an Intergovernmental Agreement Regarding Debt Allocation on October 19, 2020 ("Debt IGA"). Pursuant to the Debt IGA, the District and BSMD agreed to allocate 100% of the Service Plan aggregate debt cap to the District.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

During 2024, the District imposed 5.197 mills for the Town Capital and Maintenance Mill Levy and remitted \$4,909 to the Town under the Town IGA. The Infrastructure Capital Mill Levy of 5.197 Mills is pledged to the Bonds.

Amended and Restated Public Improvements Funding with Century/Developer (Filing 1).

On November 25, 2020, the District, Developer and Century at Compark Village South entered into an Amended and Restated Agreement Regarding Public Improvements Funding (Compark Village South Filing No. 1) (the "Filing 1 Funding Agreement"). The Developer and the Town entered into a Financial Guarantee Agreement (Compark Village South Filing No. 1 dated November 25, 2020 (the "FGA") pursuant to which the Developer agreed to deposit \$14,664,181 with the Town as the "Financial Guarantee Funds" in order to secure the performance and completion of certain public improvements required for the project under the Subdivision Improvement Agreement.

Pursuant to the Filing 1 Funding Agreement the District deposited \$14,664,181 with the Town as the Financial Guarantee Funds under the FGA.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The parties to the Filing 1 Funding Agreement agree that in the completion, planning, construction, and installation of the Public Improvements (as defined therein), the District intends to utilize, to the extent practicable, the funds deposited with the Town by the District described above to directly fund various different contracts with different contractors engaged by the District to complete the Public Improvements. To assist the District in the efficient and effective utilization of the funds described above, the parties further agreed to reasonably cooperate with the Developer, as necessary, for the Developer to timely request a draw on such funds deposited with the Town consistent with the provisions of the Filing 1 Funding Agreement. The Filing 1 Funding Agreement also provides the framework for the use of proceeds for the CVS No. 1 SA Performance Guarantee that (i) have not been spent within three years of their deposit with the Town, (ii) are in excess of amounts necessary to fund Public Improvements, (iii) are on deposit after the completion of the Public Improvements, or (iv) are remaining after applicable Public Improvement warranty periods.

The Filing 1 Funding Agreement remains in effect until such time as: (i) the Public Improvements required by the CVS No.1 SA have been completed and finally accepted by the Town or other accepting jurisdictions, (ii) all applicable warranty periods have expired; (iii) all remaining funds pursuant to CVS No. 1 SA Performance Guarantee then on deposit with the Town have been released to the District; and (iv) any amounts owed between the parties have been paid in full. As of December 31, 2024, all but \$2,466,641 has been released to the District and remains on deposit with the Town.

Development Fees:

Development Fees (North)

The District imposes “Development Fees” pursuant to a Resolution of the Board of Directors of Belford North Metropolitan District Regarding the Imposition of Development Fees and Notice of System Access Fees, adopted on February 25, 2009.

“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 and/or to pledge the same for the repayment of principal and interest on bonds.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

Note 8: 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.

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 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 Article X, Section 20 of the Colorado Constitution.

Note 9: 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.

BELFORD NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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 10: 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 bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

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 NORTH 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 <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 57,442	\$ 57,443	\$ 1
Specific ownership taxes	5,170	4,303	(867)
Intergovernmental revenue	2,014,313	5,862,038	3,847,725
Interest income	<u>270,000</u>	<u>211,494</u>	<u>(58,506)</u>
Total Revenues	<u>2,346,925</u>	<u>6,135,278</u>	<u>3,788,353</u>
EXPENDITURES			
Bond interest	2,875,724	1,251,245	1,624,479
Paying agent fees	7,000	7,000	-
Miscellaneous	16,414	-	16,414
Treasurer fees	<u>862</u>	<u>862</u>	<u>-</u>
Total Expenditures	<u>2,900,000</u>	<u>1,259,107</u>	<u>1,640,893</u>
NET CHANGE IN FUND BALANCE	(553,075)	4,876,171	5,429,246
FUND BALANCE:			
BEGINNING OF YEAR	<u>5,801,358</u>	<u>4,672,769</u>	<u>(1,128,589)</u>
END OF YEAR	<u>\$ 5,248,283</u>	<u>\$ 9,548,940</u>	<u>\$ 4,300,657</u>

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

BELFORD NORTH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Miscellaneous income	\$ -	\$ 18,291	\$ 18,291
Total Revenues	<u>-</u>	<u>18,291</u>	<u>18,291</u>
EXPENDITURES			
Engineering	-	1,595	(1,595)
Repairs and maintenance	-	1,900	(1,900)
Capital costs SVMD	-	23,819	(23,819)
Capital outlay	-	37,525	(37,525)
Water	-	10,582	(10,582)
Capital outlay	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Total Expenditures	<u>160,000</u>	<u>75,421</u>	<u>84,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(160,000)	(57,130)	102,870
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>160,000</u>	<u>20,000</u>	<u>(140,000)</u>
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>20,000</u>	<u>(140,000)</u>
NET CHANGE IN FUND BALANCE	-	(37,130)	(37,130)
FUND BALANCE:			
BEGINNING OF YEAR	<u>11,811</u>	<u>44,322</u>	<u>32,511</u>
END OF YEAR	<u>\$ 11,811</u>	<u>\$ 7,192</u>	<u>\$ (4,619)</u>

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

BELFORD NORTH METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2024

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>				<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Contractual</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2023	\$ 1,561,940	15.000	62.000	0.000	77.000	\$ 120,269	\$ 72,118	59.96%
2024	\$ 891,370	10.394	64.444	5.197	80.035	\$ 71,341	\$ 71,340	100.00%
Estimated for year ending December 31, 2025	\$ 891,370	10.394	64.444	5.197	80.035	\$ 71,340		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.