

**BELLA MESA METROPOLITAN DISTRICT**  
**Douglas County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**BELLA MESA METROPOLITAN DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bella Mesa Metropolitan District  
Douglas County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Bella Mesa 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, and the respective changes in financial position thereof, 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, 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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**Fiscal Focus Partners, LLC**

## **Auditor's Responsibility 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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.

## **Required Supplementary Information**

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

## **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Arvada, Colorado  
September 18, 2025

## **BASIC FINANCIAL STATEMENTS**

**BELLA MESA METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 84,325
Cash and Investments - Restricted	12,076,624
Accounts Receivable	5,300
Receivable - County Treasurer	3,781
Prepaid Expenses	15,005
Escrow - Town of Castle Rock	220,853
Property Taxes Receivable	571,609
Capital Assets, Not Being Depreciated	14,054,433
Total Assets	27,031,930
<b>LIABILITIES</b>	
Accounts Payable	104,458
Noncurrent Liabilities:	
Due in More Than One Year	31,699,437
Total Liabilities	31,803,895
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	571,609
Total Deferred Inflows of Resources	571,609
<b>NET POSITION</b>	
Net Investment in Capital Assets	(635,533)
Restricted for:	
Emergency Reserves	3,600
Debt Service	1,868,391
Unrestricted	(6,580,032)
Total Net Position	\$ (5,343,574)

See accompanying Notes to Basic Financial Statements.

**BELLA MESA METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 171,532	\$ -	\$ -	\$ (171,532)	
Interest and Related Costs on Long-Term Debt	2,187,928	-	-	(2,187,928)	
	\$ 2,359,460	\$ -	\$ -	(2,359,460)	
<b>GENERAL REVENUES</b>					
Property Taxes				562,576	
Specific Ownership Taxes				42,192	
Net Investment Income				221,696	
Other Revenue				5,431	
Total General Revenues				831,895	
<b>CHANGE IN NET POSITION</b>				(1,527,565)	
Net Position - Beginning of Year				(3,816,009)	
<b>NET POSITION - END OF YEAR</b>				\$ (5,343,574)	

See accompanying Notes to Basic Financial Statements.

**BELLA MESA METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 84,325	\$ -	\$ -	\$ 84,325
Cash and Investments - Restricted	3,600	3,440,063	8,632,961	12,076,624
Accounts Receivable	3,700	-	1,600	5,300
Receivable - County Treasurer	657	3,124	-	3,781
Prepaid Expenses	15,005	-	-	15,005
Escrow - Town of Castle Rock	-	-	220,853	220,853
Property Taxes Receivable	99,998	471,611	-	571,609
	<u>\$ 207,285</u>	<u>\$ 3,914,798</u>	<u>\$ 8,855,414</u>	<u>\$ 12,977,497</u>
<b>Total Assets</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 37,745	\$ -	\$ 66,713	\$ 104,458
Total Liabilities	37,745	-	66,713	104,458
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	99,998	471,611	-	571,609
Total Deferred Inflows of Resources	99,998	471,611	-	571,609
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expenses	15,005	-	-	15,005
Restricted for:				
Emergency Reserves	3,600	-	-	3,600
Debt Service	-	3,443,187	-	3,443,187
Capital Projects	-	-	8,788,701	8,788,701
Assigned to:				
Subsequent Year's Expenditures	52,602	-	-	52,602
Unassigned	(1,665)	-	-	(1,665)
Total Fund Balances	<u>69,542</u>	<u>3,443,187</u>	<u>8,788,701</u>	<u>12,301,430</u>
	<u>\$ 207,285</u>	<u>\$ 3,914,798</u>	<u>\$ 8,855,414</u>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated

14,054,433

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

Bonds Payable - Series 2020

(21,366,121)

Bonds Payable - Series 2024

(9,549,000)

Accrued Interest Payable - Bonds Payable - Series 2024

(129,782)

Developer Advance Payable

(627,998)

Accrued Interest Payable - Developer Advance

(26,536)

Net Position of Governmental Activities

\$ (5,343,574)

See accompanying Notes to Basic Financial Statements.

**BELLA MESA METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 97,850	\$ 464,726	\$ -	\$ 562,576
Specific Ownership Taxes	7,339	34,853	-	42,192
Interest Income	9,053	140,631	72,012	221,696
Other Revenue	5,431	-	-	5,431
<b>Total Revenues</b>	<u>119,673</u>	<u>640,210</u>	<u>72,012</u>	<u>831,895</u>
<b>EXPENDITURES</b>				
General and Administrative:				
Accounting	43,253	-	-	43,253
Audit	6,700	-	-	6,700
County Treasurer's Fees	1,483	7,041	-	8,524
District Management	42,000	-	-	42,000
Dues	387	-	-	387
Election Expense	219	-	-	219
Insurance	13,568	-	-	13,568
Legal	61,310	-	-	61,310
Website	2,612	-	-	2,612
Debt Service:				
Paying Agent Fees	-	4,000	-	4,000
Bond Issue Costs	-	-	648,874	648,874
Capital Outlay:				
District Management	-	-	186,725	186,725
Engineering	-	-	283,817	283,817
Utilities	-	-	12,000	12,000
Streets	-	-	1,776,724	1,776,724
<b>Total Expenditures</b>	<u>171,532</u>	<u>11,041</u>	<u>2,908,140</u>	<u>3,090,713</u>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	(51,859)	629,169	(2,836,128)	(2,258,818)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance	-	-	9,549,000	9,549,000
Developer Advance	-	400,000	779,050	1,179,050
Repay Developer Advance	-	-	(701,052)	(701,052)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>400,000</u>	<u>9,626,998</u>	<u>10,026,998</u>
<b>NET CHANGE IN FUND BALANCES</b>	(51,859)	1,029,169	6,790,870	7,768,180
Fund Balances - Beginning of Year	<u>121,401</u>	<u>2,414,018</u>	<u>1,997,831</u>	<u>4,533,250</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 69,542</u>	<u>\$ 3,443,187</u>	<u>\$ 8,788,701</u>	<u>\$ 12,301,430</u>

See accompanying Notes to Basic Financial Statements.

**BELLA MESA METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Governmental Funds \$ 7,768,180

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay and depreciation expense in the current period are as follows:

Capital Outlay 2,259,266

The issuance of long-term debt (e.g., bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond Issuance (9,549,000)  
Developer Advance (1,179,050)  
Repay Developer Advance 701,052

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

Accrued Interest Payable - Subordinate Bonds - Change in Liability (129,782)  
Accrued Interest Payable - Developer Advance - Change in Liability (25,878)  
Bond Principal Accretion (Interest Expense) (1,372,353)

Change in Net Position of Governmental Activities \$ (1,527,565)

**BELLA MESA METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 97,973	\$ 97,973	\$ 97,850	\$ (123)
Specific Ownership Taxes	8,818	7,300	7,339	39
Interest Income	4,000	4,000	9,053	5,053
Other Revenue	-	5,431	5,431	-
Total Revenues	<u>110,791</u>	<u>114,704</u>	<u>119,673</u>	<u>4,969</u>
<b>EXPENDITURES</b>				
General and Administrative:				
Accounting	27,500	32,000	43,253	(11,253)
Audit	7,000	6,700	6,700	-
County Treasurer's Fees	1,470	1,475	1,483	(8)
Dues	500	387	387	-
Insurance	7,000	13,568	13,568	-
District Management	45,000	42,000	42,000	-
Legal	40,000	78,000	61,310	16,690
Miscellaneous	100	1,953	-	1,953
Website	1,030	5,000	2,612	2,388
Election Expense	-	-	219	(219)
Drainage System Maintenance	5,000	917	-	917
Contingency	8,400	-	-	-
Total Expenditures	<u>143,000</u>	<u>182,000</u>	<u>171,532</u>	<u>10,468</u>
<b>NET CHANGE IN FUND BALANCE</b>	(32,209)	(67,296)	(51,859)	15,437
Fund Balance - Beginning of Year	<u>118,349</u>	<u>121,401</u>	<u>121,401</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 86,140</u>	<u>\$ 54,105</u>	<u>\$ 69,542</u>	<u>\$ 15,437</u>

See accompanying Notes to Basic Financial Statements.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Bella Mesa Metropolitan District (the District) was organized by order and decree of the District Court for Douglas County, Colorado, on November 16, 2004, under the name of Vistas at Rock Canyon Metropolitan District. On August 29, 2016, the District's name was changed to Bella Mesa Metropolitan District. The District is a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado, entirely within the Town of Castle Rock (Town). The District was established to provide financing for construction of certain street improvements, traffic and safety control, a potable and nonpotable water supply system, sanitary sewer system, parks and recreation, public transportation, television relay and translation, and mosquito and pest control.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

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

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

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2024.

**Pooled Cash and Investments**

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

**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 assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or if in equal installments at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

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

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

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

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

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

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

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

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 84,325
Cash and Investments - Restricted	12,076,624
Total Cash and Investments	\$ 12,160,949

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

Deposits with Financial Institutions	\$ 18,569
Investments	12,142,380
Total Cash and Investments	\$ 12,160,949

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

On December 31, 2024, the District's cash deposits had a bank balance and a carrying balance of \$18,569.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 12,142,380

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST (Continued)**

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAAsf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 11,795,167	\$ 2,259,266	\$ -	\$ 14,054,433
Total Capital Assets, Not Being Depreciated	11,795,167	2,259,266	-	14,054,433
Governmental Activities Capital Assets, Net	<u>\$ 11,795,167</u>	<u>\$ 2,259,266</u>	<u>\$ -</u>	<u>\$ 14,054,433</u>

It is the District’s intention to dedicate any water rights and all water, sanitary sewer, storm sewer, street, safety, and certain park and recreation improvements to the Town upon completion of construction, installation, and applicable warranty periods. At the Town’s discretion, the District may continue to own and maintain improvements associated with common area landscaping, open space, lift station, control and safety protection services in certain areas and other improvements (with the Town’s approval).

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance December 31, 2023	Additions	Accretion	Retirements	Balance December 31, 2024	Due Within One Year
Bonds Payable:						
Series 2020 Limited Tax GO Convertible Capital Appreciation Bonds	\$ 19,993,768	\$ -	\$ 1,372,353	\$ -	\$ 21,366,121	\$ -
Series 2024B Subordinate Limited Tax GO Bonds	-	9,549,000	-	-	9,549,000	-
Accrued Interest on:						
Series 2024B Subordinate Limited Tax GO Bonds	-	129,782	-	-	129,782	-
Subtotal of Bonds Payable	<u>19,993,768</u>	<u>9,678,782</u>	<u>1,372,353</u>	<u>-</u>	<u>31,044,903</u>	<u>-</u>
Other Debts:						
Developer Advance - Capital	150,000	1,179,050	-	701,052	627,998	-
Accrued Interest on:						
Developer Advance - Capital	658	25,878	-	-	26,536	-
Subtotal of Other Debts	<u>150,658</u>	<u>1,204,928</u>	<u>-</u>	<u>701,052</u>	<u>654,534</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 20,144,426</u>	<u>\$ 10,883,710</u>	<u>\$ 1,372,353</u>	<u>\$ 701,052</u>	<u>\$ 31,699,437</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

**Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A<sup>(3)</sup>**

On May 27, 2020, the District issued capital appreciation bonds, convertible to current interest bonds on the Current Interest Conversion Date of December 1, 2025 (as defined in the Indenture). Prior to the Current Interest Conversion Date (as defined in the Indenture), the Bonds (as defined in the Indenture) shall pay no current interest and shall accrete in value at an accretion rate of 6.75% compounding semi-annually on each June 1 and December 1, commencing on June 1, 2020, from their date of issuance.

On the Current Interest Conversion Date, the Bonds shall cease to be capital appreciation bonds and automatically convert to current interest bonds, at which time the Bonds shall bear interest at the rate of 6.75%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026. Annual principal payments are due on December 1 of each year beginning December 1, 2029. The Bonds mature on December 1, 2049.

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of 3% declining 1% per year for the next two years and no redemption premium thereafter.

On and after the Current Interest Conversion Date, (a) to the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid and will continue to bear interest at the rate then borne by the Bonds; and (b) to the extent interest on any Bond is not paid when due, such unpaid interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Bonds. The total repayment obligation of the District for the Bonds cannot exceed the limitations of the Election and the amount permitted by law.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A<sup>(3)</sup>, (Continued)**

In the event that any amount of principal of or interest on the Bonds remains unpaid on December 1, 2059, the Bonds will be deemed discharged.

The Bonds are secured by Pledged Revenue which means: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Capital Fees, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund (as defined in the Indenture). The Bonds are future secured by the Reserve Fund which was funded from the proceeds of the Bonds in the amount of the Reserve Requirement equal to \$1,574,796 (as defined in the Indenture). Amounts on deposit in the Reserve Fund on the final maturity date shall be applied to the payment of the Bonds on such date. The amount on deposit in the Reserve Fund at December 31, 2024, was \$1,593,312. The excess amount will be transferred to the Bond Fund in 2025.

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount that generates Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds when due and to replenish the Reserve Fund to the amount of the Reserve Requirement, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after August 24, 2004) (as defined in the Indenture). As of December 31, 2023, the Required Mill Levy was 64.159, which was certified on property within the District, to be collected beginning in 2024.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount of \$1,574,739, the Required Mill Levy is to equal 50 mills (subject to adjustment), or such lesser amount that will generate Property Tax Revenues (a) sufficient to pay the principal of, premium if any, and interest on the Bonds when due, to replenish the Reserve Fund to the Reserve Requirement and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (b) which, when combined with moneys then on deposit in the Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Bonds in full in the year such levy is collected (as defined in the Indenture).

The occurrence of any one or more of the following events shall constitute an Event of Default pertaining to the Bonds: (1) failure or refusal to impose the Required Mill Levy or apply the Pledged Revenue as required, (2) default in the performance or observance of any of the other covenants, agreements, or conditions stipulated by the Indenture of Trust, and (3) filing a petition under federal bankruptcy or other bankruptcy law. Due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Upon the occurrence and continuance of an Event of Default, the Trustee shall have various rights and remedies which may be pursued, such as receivership, suit for judgment, or mandamus or other suit. Acceleration of the Bonds is not an available remedy for an Event of Default.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A<sup>(3)</sup>, (Continued)**

The District's Series 2020<sup>(3)</sup> long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	1,532,587	1,532,587
2027	-	1,532,588	1,532,588
2028	-	1,532,587	1,532,587
2029	35,000	1,532,588	1,567,588
2030-2034	1,175,000	7,536,037	8,711,037
2035-2039	3,125,000	6,898,838	10,023,838
2040-2044	6,200,000	5,461,425	11,661,425
2045-2049	12,170,000	2,820,825	14,990,825
Total	<u>\$ 22,705,000</u>	<u>\$ 28,847,475</u>	<u>\$ 51,552,475</u>

**Subordinate Limited Tax General Obligation Bonds, Series 2024B**

On October 30, 2024, the District issued the Subordinate Limited Tax General Obligation Bonds, Series 2024B ("the 2024B Subordinate Bonds"), in the amount of \$9,549,000.

The proceeds from the sale of the 2024B Subordinate Bonds will be used for the purposes of paying Project Costs and paying costs of issuance of the 2024B Subordinate Bonds.

The 2024B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the 2024B Subordinate Bonds is payable annually on each December 15, and to the extent of Subordinate Pledged Revenue on deposit, if any, in the Subordinate Bond Fund (as defined in the Indenture). To the extent principal of any bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or December 15, 2059 (the "Subordinate Termination Date") and is to continue to bear interest at the rate then borne by the 2024B Subordinate Bond. The 2024B Subordinate Bonds mature on December 15, 2054.

The 2024B Subordinate Bonds will bear interest at the rate of 8.00% per annum payable annually on each December 15, but only from and to the extent of available Subordinate Pledged Revenue, beginning on December 15, 2024. In the event interest on any bond is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the 2024B Subordinate Bond (as defined in the Indenture).

The 2024B Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 15, 2059, regardless of the amount of principal and interest amounts remaining unpaid.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate Limited Tax General Obligation Bonds, Series 2024B (Continued)**

The 2024B Subordinate Bonds are secured by payable solely from Subordinate Pledged Revenue, consisting of the money derived by the District from the following sources:

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues;
- (c) all Subordinate Capital Fee Revenue, if any;
- (d) any amounts released from the 2020A Surplus Fund pursuant to the 2020A Senior Indenture; and
- (e) any other legally available money which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Required Mill Levy means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount equal to (i) 50 mills less the Senior Obligation Mill Levy, or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the 2024B Subordinate Bonds in full in the year such levy is collected; provided however, that:

- (a) in the event of a legislative or constitutionally imposed adjustment in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement after August 24, 2004, the mill levy of 50 mills (less the Senior Obligation Mill Levy) provided in the indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; and
- (b) notwithstanding anything in the Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2028, 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:

Date of Redemption	Redemption Premium
June 1, 2028 to May 31, 2029	3.00%
June 1, 2029 to May 31, 2030	2.00%
June 1, 2030 to May 31, 2031	1.00%
June 1, 2031 and thereafter	0.00%

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate Limited Tax General Obligation Bonds, Series 2024B (Continued)**

Assumptions related to debt principal amounts, bond interest rates, issuance costs, and other related debt service costs for the proposed 2024B Subordinate Bonds have been provided to Management by D.A. Davidson & Co., the underwriter of the proposed bond issuance of the District.

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

Acceleration of the Bonds shall not be an available remedy for an Event of Default.

The annual debt service requirements of the 2024B Subordinate Bonds are not currently determinable since they are payable only to the extent of Subordinate Revenues available.

**Debt Authorization**

On November 2, 2004, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness for the purpose of providing certain improvements and facilities and the imposition of taxes for payment of such indebtedness.

As of December 31, 2024, the District has remaining authorized but unissued indebtedness as follows:

	Amount Authorized November 2, 2004	Amount Used Series 2020 Bonds	Amount Used Series 2024 Bonds	Authorized Amount Remaining December 31, 2024
Streets	\$ 16,467,000	\$ 14,054,395	\$ 2,400,000 *	\$ 12,605
Traffic and Safety	315,800	-	-	315,800
Water	6,385,800	3,451,160	2,400,000 *	534,640
Sewer	12,566,000	4,109,605	2,349,000 *	6,107,395
Parks and Recreation	3,960,000	1,089,840	2,400,000 *	470,160
Transportation	260,000	-	-	260,000
TV Relay and Translation	260,000	-	-	260,000
Mosquito Control	260,000	-	-	260,000
Debt Refunding	40,474,600	-	-	40,474,600
Total	<u>\$ 80,949,200</u>	<u>\$ 22,705,000</u>	<u>\$ 9,549,000</u>	<u>\$ 48,695,200</u>

\* to be re-allocated

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Capital Assets, Net	\$ 1,361,540
Unspent Bond Proceeds	857,879
Bonds Outstanding	(2,854,952)
Total Net Investment in Capital Assets	\$ (635,533)

The restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 3,600
Debt Service	1,868,391
Total Restricted Net Position	\$ 1,871,991

The District has a deficit in unrestricted net position as of December 31, 2024. This deficit amount is due mainly to the payment of cost of issuance and bond interest that were funded with bond proceeds.

**NOTE 7 AGREEMENTS**

**Richmond Public Improvements Agreement**

On December 28, 2018, the District entered into the Advance and Reimbursement and Facilities Acquisition Agreement with Richmond American Homes of Colorado, Inc., (the Builder) and Fourth Investment USA, LLC (the Developer), pursuant to which the District has agreed to reimburse the Developer for costs of Facilities constructed by the Builder or the Developer and may accept certain public improvements that are not conveyed to the Town or other appropriate governmental entity.

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 AGREEMENTS (CONTINUED)**

**Town IGA**

On August 24, 2004, the District entered in a master intergovernmental agreement with the Town (Town IGA). The Town IGA provides that the District has the authority to construct and finance public improvements to serve the residents and taxpayers of the District. All public improvements shall be constructed in accordance with the Town's standards and procedures. Unless otherwise provided, the District is to convey all public improvements to the Town for operation and maintenance.

**District Management Agreement**

On October 31, 2017, the District entered into a management services agreement with Colorado Land Management LLC, a Colorado limited liability company (CLM), as amended, to provide ongoing management, consulting, administrative, and property management services in conjunction with the business, operational affairs, and continuing obligations of the District. During 2024, CLM was paid \$210,263 under this agreement.

**Master Escrow Agreement**

On November 7, 2023, the District, entered a master escrow agreement with the Town of Castle Rock (the "Town"), and TP National, LLC (the "Escrow Agent"). The District and the Town appointed the Escrow Agent and the Escrow Agent accepted such appointment. The Escrow Agent will establish an account for the purpose of holding the Escrow Funds. The funds deposited into the Escrow account shall be used for purposes of (i) paying for the costs incurred by the District for the construction of the Roundabout, (as defined in the Master Escrow Agreement) or reimbursing the District for Project Costs (as defined in the Indenture) and (ii) satisfying the Surety Requirements (as defined in the Master Escrow Agreement) for construction of the Roundabout by the District consistent with the Subdivision Improvement Agreements. Initially, the Escrow account shall have a balance of \$1,886,287.49, which is the amount equal to the sum of the Performance Surety and the Warranty Surety (as further defined in the Master Escrow Agreement) (the "Minimum Surety Balance").

**Advance and Reimbursement Agreement**

On November 28, 2023, the District entered into an advance and reimbursement agreement with Fourth Investment USA, LLC ("Developer"). This agreement establishes the terms and conditions (a) upon which Developer may advance funds to the District for District Eligible Costs (as defined in the Advance and Reimbursement Agreement), and (b) upon which the District may make reimbursement to Developer for such advances (the "Advance and Reimbursement Agreement"). The Developer agreed to advance funds or expend funds on behalf of the District for District Eligible Costs in one or more installments, provided that in no event shall the total amount that the Developer shall be obligated to advance to the District or expend on behalf of the District exceed \$732,000.00 (the "Maximum Advance Amount").

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 AGREEMENTS (CONTINUED)**

**Advance and Reimbursement Agreement (Continued)**

With respect to any Advances (as defined in the Advance and Reimbursement Agreement) accepted in accordance with the Agreement, such Advances shall bear simple interest at a rate of eight percent (8%) per annum from the date such costs are incurred by the Developer, provided, however, that no interest shall begin to accrue on any Advance made to the District prior to the date on which an order declaring the District organized was recorded in the real property records of Douglas County, which date was November 18, 2004, and the interest shall stop accruing under the Agreement on the date of payment of such amount in full.

The First Amendment, dated September 18, 2024, raises the cap for District Eligible Costs from \$732,000 to \$1,000,000. The new cap is the maximum amount eligible for reimbursement unless further amended.

The Second Amendment, dated October 30, 2024, raises the cap for District Eligible Costs from \$1,000,000 to \$1,400,000. Includes not only costs related to public improvements, but also any deposits. As of the date of this amendment, the Maximum Advance Amount has been fully funded by the Developer.

**NOTE 8 RELATED PARTIES**

One or more of the current members of the Board of Directors serve as consultants to, members of, or managers of CLM and/or the Developer or have other business or professional relationships to CLM and/or the Developer, and as such, may have conflicts of interest in dealing with the District.

**NOTE 9 RISK MANAGEMENT**

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

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

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

**BELLA MESA METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

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.

In 2023, the District over-collected general operating property taxes resulting in the certification of TABOR refund in 2024.

## **SUPPLEMENTARY INFORMATION**

**BELLA MESA METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 465,309	\$ 464,726	\$ (583)
Specific Ownership Taxes	41,878	34,853	(7,025)
Interest Income	100,000	140,631	40,631
Total Revenues	<u>607,187</u>	<u>640,210</u>	<u>33,023</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	6,980	7,041	(61)
Paying Agent Fees	4,000	4,000	-
Contingency	2,020	-	2,020
Total Expenditures	<u>13,000</u>	<u>11,041</u>	<u>1,959</u>
<b>EXCESS OF REVENUE OVER(UNDER) EXPENDITURES</b>	594,187	629,169	34,982
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	-	400,000	400,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>400,000</u>	<u>400,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	594,187	1,029,169	434,982
Fund Balance - Beginning of Year	<u>2,403,338</u>	<u>2,414,018</u>	<u>10,680</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,997,525</u>	<u>\$ 3,443,187</u>	<u>\$ 445,662</u>

**BELLA MESA METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Income	\$ 10,000	\$ 5,000	\$ 72,012	\$ 67,012
Total Revenues	<u>10,000</u>	<u>5,000</u>	<u>72,012</u>	<u>67,012</u>
<b>EXPENDITURES</b>				
District Management	50,000	200,000	186,725	13,275
Legal	6,947	-	-	-
Utilities	-	-	12,000	(12,000)
Bond Issue Costs	-	535,210	648,874	(113,664)
Streets	1,832,000	2,100,000	1,776,724	323,276
Engineering	90,000	399,790	283,817	115,973
Total Expenditures	<u>1,978,947</u>	<u>3,235,000</u>	<u>2,908,140</u>	<u>326,860</u>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	(1,968,947)	(3,230,000)	(2,836,128)	393,872
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance	-	9,507,000	9,549,000	42,000
Developer Advance	-	779,050	779,050	-
Repay Developer Advance	-	-	(701,052)	(701,052)
Transfer to Other Funds	-	(400,000)	-	400,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,886,050</u>	<u>9,626,998</u>	<u>(259,052)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,968,947)	6,656,050	6,790,870	134,820
Fund Balance - Beginning of Year	<u>1,968,947</u>	<u>1,997,831</u>	<u>1,997,831</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 8,653,881</u>	<u>\$ 8,788,701</u>	<u>\$ 134,820</u>

## **OTHER INFORMATION**

**BELLA MESA METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2024**

\$15,747,961 Limited Tax General Obligation  
Convertible Capital Appreciation Bonds, Series 2020(3)  
Interest Rate of 6.75%  
Interest Payable June 1 and December 1  
Beginning June 1, 2026  
Principal Due December 1  
Beginning December 1, 2029

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	1,532,587	1,532,587
2027	-	1,532,588	1,532,588
2028	-	1,532,587	1,532,587
2029	35,000	1,532,588	1,567,588
2030	130,000	1,530,225	1,660,225
2031	140,000	1,521,450	1,661,450
2032	250,000	1,512,000	1,762,000
2033	265,000	1,495,125	1,760,125
2034	390,000	1,477,237	1,867,237
2035	415,000	1,450,913	1,865,913
2036	555,000	1,422,900	1,977,900
2037	595,000	1,385,437	1,980,437
2038	755,000	1,345,275	2,100,275
2039	805,000	1,294,313	2,099,313
2040	985,000	1,239,975	2,224,975
2041	1,050,000	1,173,487	2,223,487
2042	1,255,000	1,102,613	2,357,613
2043	1,340,000	1,017,900	2,357,900
2044	1,570,000	927,450	2,497,450
2045	1,680,000	821,475	2,501,475
2046	1,940,000	708,075	2,648,075
2047	2,075,000	577,125	2,652,125
2048	2,370,000	437,062	2,807,062
2049	4,105,000	277,088	4,382,088
Total	<u>\$ 22,705,000</u>	<u>\$ 28,847,475</u>	<u>\$ 51,552,475</u>

**BELLA MESA METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2024**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Mills Levied	Total Property Taxes		Percent Collected to Levied
		General Fund	Debt Service Fund		Levied	Collected	
2020	\$ 1,840,700	20.000	0.000	20.000	\$ 36,814	\$ 36,814	100.00%
2021	2,500,850	20.000	55.664	75.664	189,224	189,225	100.00
2022	4,164,150	20.000	55.664	75.664	315,076	315,077	100.00
2023	5,000,540	20.402	56.783	77.185	385,967	385,726	99.94
2024	7,252,430	13.509	64.159	77.668	563,282	562,576	99.87
Estimated for the Year Ending December 31, 2025	\$ 7,298,100	13.702	64.621	78.323	\$ 571,609		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.