

Belle Creek Metropolitan District No. 1

Year Ended December 31, 2025
with
Independent Auditor's Report

Belle Creek Metropolitan District No. 1

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Independent Auditor's Report

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Board of Directors
Belle Creek Metropolitan District No. 1
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Belle Creek Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2025, 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 Belle Creek Metropolitan District No. 1 as of December 31, 2025, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style font.

Wipfli LLP
Denver, Colorado

July 2, 2026

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BASIC FINANCIAL STATEMENTS

Belle Creek Metropolitan District No. 1

Statement of Net Position December 31, 2025 (See Independent Auditor's Report)

	Statement of Net Position
Assets:	
Cash and investments	\$ 1,118,503
Cash and investments - restricted	252,317
Accounts receivable	3,726
Prepaid insurance	33,849
Receivable from county treasurer	5,958
Property tax receivable	1,645,154
Capital assets:	
Capital assets, not being depreciated	2,161,186
Capital assets, net	1,833,921
Total assets	<u>\$ 7,054,614</u>
Liabilities:	
Accounts payable	\$ 27,935
Accrued bond interest	15,028
Noncurrent liabilities:	
Due within one year	465,000
Due after one year	2,970,000
Total liabilities	<u>3,477,963</u>
Deferred inflows of resources:	
Deferred property tax revenue	<u>1,645,154</u>
Net position:	
Net investment in capital assets	560,107
Restricted for:	
Emergency reserve	37,262
Debt service	200,027
Unrestricted	1,134,101
Total net position	<u>\$ 1,931,497</u>

(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

Statement of Activities Year Ended December 31, 2025 (See Independent Auditor's Report)

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,290,072	\$ 71,220	\$ -	\$ -	\$ (1,218,852)
Interest on Long-Term Debt and related costs	74,459	-	-	-	(74,459)
Total Governmental activities	\$ 1,364,531	\$ 71,220	\$ -	\$ -	(1,293,311)
General Revenues					
Property Taxes					1,635,184
Specific Ownership Taxes					81,794
Conservation Trust Fund					14,794
Miscellaneous Income					44,423
Interest Income					68,887
Total General Revenues and Transfers					<u>1,845,082</u>
Changes in Net Position					551,771
Net Position - Beginning of Year					<u>1,379,726</u>
Net Position - End of Year					<u>\$ 1,931,497</u>

(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

Balance Sheet Governmental Funds December 31, 2025 (See Independent Auditor's Report)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 630,418	\$ -	\$ 488,085	\$ 1,118,503
Cash and investments - Restricted	37,262	215,055	-	252,317
Receivable - County Treasurer	5,958	-	-	5,958
Accounts receivable	3,726	-	-	3,726
Prepaid expenses	33,849	-	-	33,849
Property taxes receivable	1,114,459	530,695		1,645,154
Total assets	\$ 1,825,672	\$ 745,750	\$ 488,085	\$ 3,059,507
LIABILITIES				
Accounts payable	\$ 27,935	\$ -	\$ -	\$ 27,935
Total liabilities	27,935	-	-	27,935
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax	1,114,459	530,695	-	1,645,154
Total deferred inflows of resources	1,114,459	530,695	-	1,645,154
FUND BALANCES				
Nonspendable:				
Prepaid expenses	33,849	-	-	33,849
Restricted for:				
Emergencies	37,262	-	-	37,262
Debt Service	-	215,055	-	215,055
Assigned to:				
Capital Projects	-	-	488,085	488,085
Unassigned	612,167	-	-	612,167
Total fund balances	683,278	215,055	488,085	1,386,418
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,825,672	 \$ 745,750	 \$ 488,085	

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.	3,995,107
Long-term liabilities, including loans payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	
Loan payable	(3,435,000)
Accrued interest payable	(15,028)
Net position of governmental activities	<u>\$ 1,931,497</u>

(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2025 (See Independent Auditor's Report)

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 1,081,332	\$ 553,852	\$ -	\$ 1,635,184
Specific ownership taxes	81,794	-	-	81,794
Early Learning Center Fees	11,685	-	-	11,685
Charter School fees	45,950	-	-	45,950
Family Center user fees	13,585	-	-	13,585
Conservation trust fund	14,794	-	-	14,794
Investment earnings	38,469	15,291	15,127	68,887
Reimbursed Expenditures	-	-	30,379	30,379
Transfer fees, fines & other income	14,044	-	-	14,044
Total Revenues	<u>1,301,653</u>	<u>569,143</u>	<u>45,506</u>	<u>1,916,302</u>
Expenditures				
General				
Family Center operations	277,146	-	-	277,146
Family Center management	231,145	-	-	231,145
Landscape contract	83,700	-	-	83,700
Landscape water	133,380	-	-	133,380
Landscape replacements	40,689	-	-	40,689
Common area maintenance	55,118	-	-	55,118
District management	49,703	-	-	49,703
Accounting	30,380	-	-	30,380
Legal - general	5,392	-	-	5,392
Legal - covenant control	41,045	-	-	41,045
Covenant Control	35,227	-	-	35,227
Director Fees	5,300	-	-	5,300
Insurance	10,196	-	-	10,196
Audit	8,268	-	-	8,268
Payroll Taxes	18,302	-	-	18,302
Other administrative expenses	13,352	-	-	13,352
County treasurer fees	16,223	8,309	-	24,532
Debt service:				
Loan interest	-	68,163	-	68,163
Loan principal	-	460,000	-	460,000
Capital outlay	-	-	18,960	18,960
Total expenditures	<u>1,054,566</u>	<u>536,472</u>	<u>18,960</u>	<u>1,609,998</u>
 Excess (deficiency) of revenues over expenditures	 247,087	 32,671	 26,546	 306,304
 Other financing sources (uses)				
Operating transfers in (out)	(166,000)	-	166,000	-
Total other financing sources and (uses)	<u>(166,000)</u>	<u>-</u>	<u>166,000</u>	<u>-</u>
 Net change in fund balances	 81,087	 32,671	 192,546	 306,304
 Fund balances - beginning of year	 <u>602,191</u>	 <u>182,384</u>	 <u>295,539</u>	 <u>1,080,114</u>
 Fund balances - ending of year	 <u>\$ 683,278</u>	 <u>\$ 215,055</u>	 <u>\$ 488,085</u>	 <u>\$ 1,386,418</u>

(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

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, 2025 (See Independent Auditor's Report)

Net Change in Fund Balances - Total Governmental funds	\$	306,304
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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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense	(235,506)
Capital Outlay	18,960

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds.

Neither transaction, however, has any effect on net position.

Loan principal payment	460,000
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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 loan interest payable - change in liability	<u>2,013</u>
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>551,771</u>
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(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended December 31, 2025 (See Independent Auditor's Report)

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Property tax	\$ 1,082,108	\$ 1,081,332	\$ (776)
Specific ownership tax	80,000	81,794	1,794
Early Learning Center fees	-	11,685	11,685
Charter School fees	47,000	45,950	(1,050)
Family Center user fees	28,000	13,585	(14,415)
Conservation trust fund	15,000	14,794	(206)
Investment earnings	40,000	38,469	(1,531)
Reimbursed expenditures	-	-	-
Transfer fees, fines & other income	16,500	14,044	(2,456)
Total revenues	<u>1,308,608</u>	<u>1,301,653</u>	<u>(6,955)</u>
Expenditures:			
Family Center operations	351,000	276,646	74,354
Family Center management	250,000	231,145	18,855
Landscape contract	70,000	83,700	(13,700)
Landscape water	100,000	133,380	(33,380)
Landscape replacements	32,000	40,689	(8,689)
Repairs and maintenance	20,000	500	19,500
Snow removal	15,000	6,499	8,501
Common area maintenance	47,000	48,619	(1,619)
District management	50,000	49,703	297
Accounting	30,000	30,380	(380)
Legal - general	11,000	5,392	5,608
Legal - covenant control	10,000	41,045	(31,045)
Covenant control	30,000	35,227	(5,227)
Directors fees	7,000	5,300	1,700
Insurance	10,000	10,196	(196)
Payroll taxes	19,400	18,302	1,098
Audit	7,000	8,268	(1,268)
Other administrative expenses	17,000	13,352	3,648
County treasurer fees	20,000	16,223	3,777
Total expenditures	<u>1,096,400</u>	<u>1,054,566</u>	<u>41,834</u>
Excess (deficiency) of revenues over expenditures	212,208	247,087	34,878
Other Financing Uses:			
Transfer to Other Fund	(166,000)	(166,000)	-
Total other financing uses	<u>(166,000)</u>	<u>(166,000)</u>	<u>-</u>
Excess (deficiency) of Net change in fund balances	46,208	81,087	34,878
Fund balance - beginning of year	<u>680,785</u>	<u>602,191</u>	<u>(78,594)</u>
Fund balance - end of year	<u>\$ 726,993</u>	<u>\$ 683,278</u>	<u>\$ (43,715)</u>

(See Notes to Basic Financial Statements)

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies

The accounting policies of Belle Creek Metropolitan District No. 1 (the "District"), located in Commerce City, Colorado, conform to the Generally Accepted Accounting Principles ("GAAP") in the United States of America 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, was organized on May 14, 2000, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County Colorado. The District was organized to finance and construct certain public infrastructure improvements that benefit the citizens and development fees.

The District follows 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.

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 has no component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

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

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Basis of presentation

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

The government funds balance sheet/statement of net position and the statement of governmental fund revenues, expenditures and changes in fund balances/statement of activities report information on all of the governmental activities of the District. The statement of activities demonstrates the degree to which expenditures/revenues of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between (a) assets and deferred outflows of resource 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 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 of 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 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.

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 accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government 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 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 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.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

The District reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt 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.

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital facilities and other assets.

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

Budgets

In accordance with the State Local Government Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Cash

The District maintains a single primary bank account for cash deposits, with separate subaccounts designated for individual funds. Unless otherwise required by trust or similar agreements, all cash disbursements are made from this primary account. Funds exceeding immediate operational needs are transferred to the appropriate fund accounts. Investment earnings are applied to the appropriate fund accounts.

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.

The cost 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. Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Building	30 years
Furniture/Equipment	10 years
Computers	3 years

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.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net 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 does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net 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 item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term obligations

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

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. The County certifies the assessed valuation of the District in November of the preceding year, and the District is obligated to certify the mill levies to the County by December 15 of the preceding year. Taxes are levied on December 22 and due in either one installment on April 30, or two installments on February 28 and June 15. The County bills and collects the District's property taxes. The 2025 general property taxes, which are assessed and collected in 2026, have been accrued as receivables and deferred revenue at December 31, 2025. As taxes are collected during 2026, the accrual and deferral are reduced accordingly.

Fund balances

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:

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Fund balances (continued)

Non-spendable fund balance: The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact

Restricted fund balance: The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance: The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the fiscal year. 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 above criteria.

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

During the year ended December 31, 2025, \$166,000 was transferred from the general and debt service fund to the capital projects fund to cover the cost of capital asset purchases.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

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 or resources related to those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 3,995,107
Current portion of long-term debt	(465,000)
Long-term debt due in more than one year	<u>(2,970,000)</u>
Net Investment in Capital Assets	<u>\$ 560,107</u>

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. The District had a restricted net position as of December 31, 2025, for emergency reserve and debt service of \$37,262 and \$200,027, respectively. These figures correspond to Statement of Net Position on page 4.

Unrestricted net position – Consists of all other net positions that do not meet the definition of the above 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.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards (continued)

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

2. Cash and Investments

Cash and investments as of December 31, 2025 are classified on the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	\$	658,504
Cash and investments - restricted		712,316
	\$	<u>1,370,820</u>

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	\$	24,186
Investments		<u>1,346,634</u>
Total cash and investments	\$	<u>1,370,820</u>

Deposits with financial institutions

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

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

At December 31, 2025, the District's cash deposits had a bank balance and carrying balance of \$24,186.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

2. Cash and Investments (continued)

Investments

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.

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

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

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

As of December 31, 2025, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST" or the "Trust") 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 PLUS+ using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. Investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2025, the District had \$1,346,634 invested in COLOTRUST.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements Year Ended December 31, 2025 (See Independent Auditor's Report)

3. Capital Assets

The following is an analysis of the changes in capital assets for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 219,910	\$ 12,960	\$ (150,084)	\$ 82,786
Park and landscaping	2,072,400	6,000		2,078,400
Total Capital Assets, Being Depreciated	<u>2,292,310</u>	<u>18,960</u>	<u>(150,084)</u>	<u>2,161,186</u>
Capital Assets, Being Depreciated:				
Family Center	\$ 4,916,351	\$ 150,084	\$ -	\$ 5,066,435
Total Capital Assets, Being Depreciated	<u>4,916,351</u>	<u>150,084</u>	<u>-</u>	<u>5,066,435</u>
Less Accumulated Depreciation for:				
Accumulated Depreciation - Parks and Rec	(2,997,008)	(235,506)	-	(3,232,514)
Total Accumulated Depreciation	<u>(2,997,008)</u>	<u>(235,506)</u>	<u>-</u>	<u>(3,232,514)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,919,343</u>	<u>(85,422)</u>	<u>-</u>	<u>1,833,921</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,211,653</u>	<u>\$ (66,462)</u>	<u>\$ (150,084)</u>	<u>\$ 3,995,107</u>

Depreciation expense was charged to general government for the year ended December 31, 2025, in the amount of \$235,506.

4. Long Term Obligations

The following is an analysis of changes in long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Payments	Balance at December 31, 2025	Current Portion
Governmental Activities:					
Direct Borrowings/Direct Placement:					
General Obligation Loan - Series 2020	\$ 3,895,000	\$ -	\$ 460,000	\$ 3,435,000	\$ 465,000
Total Long-Term Obligations	<u>\$ 3,895,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>	<u>\$ 3,435,000</u>	<u>\$ 465,000</u>

Series 2020 General Obligation Refunding Loan

In October 2020, the District entered into the 2020 General Obligation Refunding Loan (the "Loan") with a Lender to restructure its outstanding debt by (i) paying at maturity or calling for prior redemption on December 1, 2020, all of the currently outstanding 2011 Bonds, (ii) paying

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Series 2020 General Obligation Refunding Loan (continued)

and discharging the Subordinate Note, and (iii) paying the costs of obtaining the Loan. The Loan carries an interest rate of 1.75% with interest paid on October 1, commencing October 1, 2021, while principal is paid on December 1, commencing December 1, 2021 and maturing on October 1, 2032.

The payment schedule on the Series 2020 loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 465,000	\$ 60,113	\$ 525,113
2027	475,000	51,975	526,975
2028	480,000	43,663	523,663
2029	490,000	35,263	525,263
2030	500,000	26,688	526,688
2031 - 2032	<u>1,025,000</u>	<u>26,950</u>	<u>1,051,950</u>
	<u>\$ 3,435,000</u>	<u>\$ 244,650</u>	<u>\$ 3,679,650</u>

5. 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; and natural disasters. The District purchases insurance coverage from the Colorado Special Districts Property and Liability Pool (the "Pool") covering all areas in which there is a risk of loss. 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.

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.

Belle Creek Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2025
(See Independent Auditor's Report)

6. Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government.

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.

7. Development Fee

In December 2013, the District amended and restated the Resolution of Belle Creek Metropolitan District No. 1 Regarding the Imposition of a Facilities Development Fee. The Development Fee is a one-time fee imposed on all new property within the District to fund the construction of improvements and payment of bonds issues by the District. For the year ended December 31, 2025, the District collected \$0 in Development Fees.

Supplementary Information

Belle Creek Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget
Debt Service Fund
Year Ended December 31, 2025
(See Independent Auditor's Report)

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Property tax	\$ 554,250	\$ 553,852	\$ (398)
Investment earnings	11,000	15,291	4,291
Total revenues	<u>565,250</u>	<u>569,143</u>	<u>3,893</u>
Expenditures:			
County treasurer fees	10,000	8,309	1,691
Loan principal	460,000	460,000	-
Loan interest	75,931	68,163	7,769
Total expenditures	<u>545,931</u>	<u>536,472</u>	<u>9,459</u>
Excess (deficiency) of revenues over expenditures	19,319	32,671	13,353
Net change in fund balance	19,319	32,671	13,353
Fund balance - beginning of year	<u>183,946</u>	<u>182,384</u>	<u>(1,562)</u>
Fund balance - end of year	<u>\$ 203,265</u>	<u>\$ 215,055</u>	<u>\$ 11,791</u>

Belle Creek Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget Capital Projects Fund Year Ended December 31, 2025 (See Independent Auditor's Report)

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 7,000	\$ 15,127	\$ 8,127
Reimbursed expenditures	-	30,379	30,379
Total revenues	<u>7,000</u>	<u>45,506</u>	<u>38,506</u>
Expenditures:			
Alley Projects	10,000	-	10,000
Computer Equipment	6,000	-	6,000
Family Center Remodel	-	1,742	(1,742)
Fitness Equipment	10,000	8,473	1,527
Landscaping Projects	75,000	-	75,000
Sidewalks	10,000	-	10,000
Security Surveillance System	-	2,745	(2,745)
Sound Wall Projects	10,000	-	10,000
Irrigation Controller Screen Fences	10,000	-	10,000
Tree Planting	10,000	6,000	4,000
Fire Panel Replacement	25,000	-	25,000
Contingency	<u>52,000</u>	<u>-</u>	<u>52,000</u>
Total expenditures	<u>218,000</u>	<u>18,960</u>	<u>199,040</u>
Deficiency of revenues over expenditures	(211,000)	26,546	237,546
Other Financing Source:			
Transfer from Other Fund	<u>166,000</u>	<u>166,000</u>	<u>-</u>
Total other financing source	<u>166,000</u>	<u>166,000</u>	<u>-</u>
Net change in fund balance	(45,000)	192,546	237,546
Fund balance - beginning of year	<u>166,504</u>	<u>295,539</u>	<u>129,035</u>
Fund balance - end of year	<u><u>\$ 121,504</u></u>	<u><u>\$ 488,085</u></u>	<u><u>\$ 366,581</u></u>