

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**City and County of Denver, Colorado**

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

**YEAR ENDED DECEMBER 31, 2022**

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
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**INSERT INDEPENDENT AUDITOR'S REPORT**

## **BASIC FINANCIAL STATEMENTS**

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 262,582
Cash and Investments - Restricted	9,712,153
Receivable from County Treasurer	9,549
Property Taxes Receivable	3,196,246
Construction in Progress	2,022,769
Capital Assets, Net of Depreciation	2,825,402
Total Assets	<u>18,028,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of Refunding	<u>876,889</u>
Total Deferred Outflow of Resources	876,889
<b>LIABILITIES</b>	
Accounts Payable	1,351
Due to County	50,596
Accrued Interest Payable - 2020 Loans	19,721
Accrued Interest Payable - 2021A-1 Loans	78,860
Accrued Interest Payable - 2021A-2 Loans	13,568
Noncurrent Liabilities:	
Due Within One Year	633,000
Due in More than One Year	46,913,000
Total Liabilities	<u>47,710,096</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>3,196,246</u>
Total Deferred Inflows of Resources	<u>3,196,246</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	27,500
Capital Projects	691,638
Unrestricted	<u>(32,719,890)</u>
Total Net Position	<u><u>\$ (32,000,752)</u></u>

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	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>				
Governmental Activities:				
General Government	\$ 1,518,874	\$ -	\$ -	\$ -
Interest and Related Costs on Long-Term Debt	1,453,918	-	-	(1,453,918)
Total Governmental Activities	<u>\$ 2,972,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,972,792)</u>
<b>GENERAL REVENUES</b>				
Property Taxes				2,844,468
Specific Ownership Taxes				152,918
Net Investment Income				127,070
Total General Revenues				<u>3,124,456</u>
<b>CHANGE IN NET POSITION</b>				151,664
Net Position - Beginning of Year				<u>(32,152,416)</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ (32,000,752)</u>

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 262,582	\$ -	\$ -	\$ 262,582
Cash and Investments - Restricted	27,500	993,015	8,691,638	9,712,153
Receivable from County Treasurer	2,893	6,656	-	9,549
Property Tax Receivable	968,559	2,227,687	-	3,196,246
	<u>\$ 1,261,534</u>	<u>\$ 3,227,358</u>	<u>\$ 8,691,638</u>	<u>\$ 13,180,530</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,351	\$ -	\$ -	\$ 1,351
Due to County	14,454	36,142	-	50,596
Total Liabilities	15,805	36,142	-	51,947
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	968,559	2,227,687	-	3,196,246
Total Deferred Inflows of Resources	968,559	2,227,687	-	3,196,246
<b>FUND BALANCES</b>				
Restricted for:				
Emergency Reserves	27,500	-	-	27,500
Debt Service	-	963,529	-	963,529
Capital Projects	-	-	8,691,638	8,691,638
Assigned				
Subsequent Years Expenditures	163,472	-	-	163,472
Unassigned	86,198	-	-	86,198
Total fund balances	277,170	963,529	8,691,638	9,932,337
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,261,534</u>	<u>\$ 3,227,358</u>	<u>\$ 8,691,638</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds. 4,848,171

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.  
Cost of Refunding 876,889

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

Series 2020 Loans Payable	(8,765,000)
Series 2021A-1 Loans Payable	(33,088,000)
Series 2021A-2 Loans Payable	(5,693,000)
Accrued Interest Payable - 2020 Loans	(19,721)
Accrued Interest Payable - 2021A-1 Loans	(78,860)
Accrued Interest Payable - 2021A-2 Loans	(13,568)
	<u>(57,407,649)</u>

Net Position of Governmental Activities \$ (32,000,752)

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 861,874	\$ 1,982,594	\$ -	\$ 2,844,468
Specific Ownership Taxes	46,334	106,584	-	152,918
Net Investment Income	6,692	26,868	93,510	127,070
Total Revenues	<u>914,900</u>	<u>2,116,046</u>	<u>93,510</u>	<u>3,124,456</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	27,706	-	-	27,706
Audit	5,600	-	-	5,600
Administrative Fee - Denver	3,000	-	-	3,000
County Treasurer's Fees	8,581	19,740	-	28,321
Insurance	21,515	-	-	21,515
Transfers to Bellevue Station No. 1	878,450	-	315,878	1,194,328
Dues and licenses	1,238	-	-	1,238
Miscellaneous	51	-	-	51
Debt Service:				
Paying Agent Fees	-	5,000	-	5,000
Interest Expense	-	12,408	-	12,408
Loan Interest - Series 2020	-	252,585	-	252,585
Loan Principal - Series 2020	-	590,000	-	590,000
Loan Interest - Series 2021A-1	-	946,660	-	946,660
Loan Interest - Series 2021A-2	-	164,765	-	164,765
Loan Principal - Series 2021A-1	-	12,000	-	12,000
Loan Principal - Series 2021A-2	-	68,000	-	68,000
Total Expenditures	<u>946,141</u>	<u>2,071,158</u>	<u>315,878</u>	<u>3,333,177</u>
<b>NET CHANGE IN FUND BALANCES</b>	(31,241)	44,888	(222,368)	(208,721)
Fund Balances - Beginning of Year	<u>308,411</u>	<u>918,641</u>	<u>8,914,006</u>	<u>10,141,058</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 277,170</u>	<u>\$ 963,529</u>	<u>\$ 8,691,638</u>	<u>\$ 9,932,337</u>

See accompanying Notes to Basic Financial Statements.



**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
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, 2022**

Net Changes in Fund Balances - Total Governmental Funds \$ (208,721)

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.

Current Year Depreciation (256,855)

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal Payment - Series 2020 Loan	590,000
Principal Payment - Series 2021A-1 Loan	12,000
Principal Payment - Series 2021A-2 Loan	68,000

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

Accrued Interest on 2021A-1 Bonds - Change in Liability	78,888
Accrued Interest on 2021A-2 Bonds - Change in Liability	13,730
Accrued Interest on 2020 Loan - Change in Liability	1,327
Accrued Interest on 2021A-1 Loan - Change in Liability	(78,860)
Accrued Interest on 2021A-1 Loan - Change in Liability	(13,568)

Change in Net Position of Governmental Activities	\$ 151,664
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See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 904,235	\$ 861,874	\$ 861,874	\$ -
Specific Ownership Taxes	45,212	46,334	46,334	-
Net Investment Income	43	6,691	6,692	1
Total Revenues	<u>949,490</u>	<u>914,899</u>	<u>914,900</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	33,000	27,706	27,706	-
Audit	6,000	5,600	5,600	-
Administrative Fee - Denver	3,000	3,000	3,000	-
County Treasurer's Fees	9,042	8,581	8,581	-
Dues and Licenses	1,000	1,238	1,238	-
Insurance	20,000	21,515	21,515	-
Miscellaneous	-	51	51	-
Transfers to Bellevue MD No.1	850,000	878,450	878,450	-
Contingency	2,958	28,859	-	28,859
Total Expenditures	<u>925,000</u>	<u>975,000</u>	<u>946,141</u>	<u>28,859</u>
<b>NET CHANGE IN FUND BALANCE</b>	24,490	(60,101)	(31,241)	28,860
Fund Balance - Beginning of Year	<u>32,006</u>	<u>308,411</u>	<u>308,411</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 56,496</u>	<u>\$ 248,310</u>	<u>\$ 277,170</u>	<u>\$ 28,860</u>

See accompanying Notes to Basic Financial Statements.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Bellevue Station Metropolitan District No. 2 (formerly Madre Metropolitan District No. 2) (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in conjunction with Bellevue Station Metropolitan District No. 1 (District No. 1) and Bellevue Station Metropolitan District No. 3 (District No. 3) (collectively the Districts) by order and decree of the District Court for the City and County of Denver, Colorado, on December 9, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's boundaries are located in the City and County of Denver, Colorado (Denver). The District was organized to provide financing for the construction of streets, water, sanitary sewer, storm drainage, traffic and safety signals, and park and recreation improvements.

As discussed in the District's Service Plan, which is dated July 11, 2005, and was approved by Denver City Council, District No. 1 is designated as the control district and will be responsible for coordinating the financing and construction of all public services and improvements mentioned above. The improvements will be for the use and benefit of the residents of the Districts, as well as for all citizens of the metropolitan Denver area and the state of Colorado. District No. 2 and District No. 3 will function as taxing districts. District No. 2 has issued general obligation debt and may issue additional debt in the future. The District currently levies taxes for operations, maintenance, and debt service. Taxes collected for operations and maintenance are transferred to District No. 1 for use. District No. 3 may, in the future, issue general obligation bonds to be used to fund improvements and/or levy taxes for operations, maintenance, debt service or capital expenditures of District No. 1.

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, including District Nos. 1 and 3.

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

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

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

Separate financial statements are provided for 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. Property taxes are recognized as revenues in the year for which they are levied. Redemption of bonds is recorded as a reduction in liabilities.

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 government 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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.

**Budgets**

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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.

The District has amended its annual budget for the year ended December 31, 2022.

**Pooled Cash and Investments**

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

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**Property Taxes**

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

**Facility Fees**

During 2007, the District imposed upon property owners within the District a facility fee. The first 500 water taps purchased from Denver Suburban Water District (DSWD) will have a rate of \$3,925 times the size equivalency. After the first 500 taps purchased from DSWD, or if a tap is purchased from an entity other than DSWD, the facility fee rate is \$7,850 times the size equivalency.

Tap size equivalencies are as follows:

- ¾" = 1
- 1" = 2
- 1 ¼" = 3
- 1 ½" = 4
- 2" = 8
- 3" = 18
- 4" = 36
- 6" = 94

On March 28, 2013, the Denver Suburban Water District (DSWS) was officially dissolved. According to the Dissolution and Assumption of Services Intergovernmental Agreement between Denver Suburban Water District and the Goldsmith Metropolitan District, effective as of September 1, 2012, the Goldsmith Metropolitan District assumes all services previously provided by the Denver Suburban Water District.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position reports 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 and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

*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.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**Equity (Continued)**

**Fund Balance (Continued)**

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

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

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

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 262,582
Cash and Investments - Restricted	9,712,153
Total Cash and Investments	<u>\$ 9,974,735</u>

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

Deposits with Financial Institutions	\$ 8,082,938
Investments	1,891,797
Total Cash and Investments	<u>\$ 9,974,735</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2022, the District’s cash deposits had a bank balance and a carrying balance of \$9,974,736. \$250,000 per institution is insured through the FDIC and the balance is collateralized in single institution pools.



**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**Investments**

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

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

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

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 925,273
Morgan Stanley Institutional Liquidity Funds	Weighted-Average Under 90 Days	966,524
Total		<u>\$ 1,891,797</u>

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE 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 CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Morgan Stanley Institutional Liquidity Funds**

At December 31, 2022, some of the District's funds held in trust accounts at Zion Bank were invested in the Morgan Stanley Institutional Liquidity Funds Government Portfolio. This portfolio is managed by Morgan Stanley and each share is equal in value to \$1.00. Morgan Stanley may invest in U.S. Treasury securities, or repurchase agreements collateralized by U.S. Treasury securities. The fund is AAmmf rated by Fitch and invests in a process that seeks to select maturities based on the shape of the money market yield curve and on expectations as to future shifts in the level and shape of the curve, taking into consideration such factors as current short-term interest rates, Federal Reserve policy regarding interest rates, and U.S. economic activity. The average maturity of the underlying securities is 90 days or less. The District records its investments in Morgan Stanley at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 CAPITAL ASSETS**

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

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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Streetscape 15 Year

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 2,022,769	\$ -	\$ -	\$ 2,022,769
Total Capital Assets, Not Being Depreciated	2,022,769	-	-	2,022,769
Capital Assets, Being Depreciated:				
Streetscapes	3,852,822	-	-	3,852,822
Total Capital Assets, Being Depreciated	3,852,822	-	-	3,852,822
Less: Accumulated Depreciation for:				
Streetscapes	(770,565)	(256,855)	-	(1,027,420)
Total Accumulated Depreciation	(770,565)	(256,855)	-	(1,027,420)
Total Capital Assets, Being Depreciated, Net	3,082,257	(256,855)	-	2,825,402
Governmental Activities Capital Assets, Net	\$ 5,105,026	\$ (256,855)	\$ -	\$ 4,848,171

Depreciation expense, totaling \$256,855, was charged to the general governmental function of the District for the year ended December 31, 2022.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
<b>Notes from Direct Borrowers and Direct Placements</b>					
Loan - Series 2020	9,355,000	-	590,000	8,765,000	540,000
Loan - Series 2021A-1	33,100,000	-	12,000	33,088,000	16,000
Loan - Series 2021A-2	5,761,000	-	68,000	5,693,000	77,000
Total	<u>\$ 48,216,000</u>	<u>\$ -</u>	<u>\$ 670,000</u>	<u>\$ 47,546,000</u>	<u>\$ 633,000</u>

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

**General Obligation/Refunding Loans**

On October 26, 2020, the District entered into \$9,405,000 Series 2020 Tax-Exempt Refunding Loan (Series 2020 Loan), with interest of 2.70% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2020. Mandatory principal payments are due on December 1, commencing on December 1, 2021, with final payment due on December 1, 2040. At its option, the District may prepay all or any part of the principal of the Loan upon payment to the Bank of the principal amount so prepaid, and accrued interest thereon to the prepayment date. The Series 2020 Loan is secured by (1) the Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Required Mill Levy, and (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the Series 2020 Loan were used to (1) refund Series 2007B bonds, and (2) pay the costs of issuing the Series 2020 Loan.

The District's long-term Refunding Loan will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 540,000	\$ 236,655	\$ 776,655
2024	545,000	222,075	767,075
2025	470,000	207,360	677,360
2026	450,000	194,670	644,670
2027	365,000	182,520	547,520
2027-2031	1,710,000	776,520	2,486,520
2032-2036	2,215,000	519,075	2,734,075
2037-2040	2,470,000	157,545	2,627,545
Total	<u>\$ 8,765,000</u>	<u>\$ 2,496,420</u>	<u>\$ 11,261,420</u>

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**General Obligation/Refunding Loans (Continued)**

On October 7, 2021, the District entered into \$33,100,000 Series 2021A-1 Loan, with an interest rate of 2.860% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2021. Mandatory principal payments are due on December 1, commencing on December 1, 2022, with final payment due on December 1, 2041. The Series 2021A-1 Loan is secured by (1) the Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Required Mill Levy, and (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the Series 2021A-1 Loan were used to (1) refund Series 2017 bonds, (2) pay the costs of issuing the Series 2021A-1 Loan, and (3) fund the costs of capital improvements.

For the purpose of paying the principal of and interest on the Loan, there shall be levied on all taxable property of the District, in addition to all other taxes, direct annual taxes in the amount of the Required Mill Levy, not to exceed 50 mills, such Required Mill Levy to be imposed in each of the years 2021 to 2040, inclusive (for collection in 2022 to 2041, inclusive), and to the extent necessary to repay any unpaid principal or interest due on the Loan, in each year thereafter until the principal of and interest on the Loan is fully paid, satisfied, and discharged. Nothing herein shall be construed to require the District to levy an ad valorem property tax in excess of the Required Mill Levy.

The District may, at its option, prepay the Loan in whole, or, with the consent of the Bank, in part, on any Interest Payment Date, as follows:

Prepayment Prior to December 1, 2026; Premium. If the Loan is prepaid on any Interest Payment Date prior to December 1, 2026, the prepayment price shall equal the principal amount of the Loan so prepaid plus accrued interest thereon to the date of such prepayment together with a 1.0% prepayment fee of the principal amount so prepaid (the "Premium").

Prepayment on and after December 1, 2026. If the Loan is prepaid on any business day on or after December 1, 2026, the prepayment price shall equal the principal amount of the Loan so prepaid, plus accrued interest thereon to the date of such prepayment, without Premium.

Notwithstanding the forgoing provisions, (a) prepayment of the Loan with excess mill levy revenue will not be subject to the Premium, and (b) if the amount of the Premium on any proposed prepayment date exceeds the maximum amount permitted under then-applicable law, then the Loan shall be considered non-prepayable to that extent. Any partial prepayments of the Loan shall be applied first against the principal payment due on the Maturity Date, and then in inverse order of maturity.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**General Obligation/Refunding Loans (Continued)**

The District's Series 2021 A-1 Loan will mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,000	\$ 946,317	\$ 962,317
2024	270,000	945,859	1,215,859
2025	343,000	938,137	1,281,137
2026	422,000	928,327	1,350,327
2027	532,000	916,258	1,448,258
2027-2031	3,519,000	4,311,765	7,830,765
2032-2036	4,290,000	3,766,049	8,056,049
2037-2041	23,696,000	2,541,196	26,237,196
Total	<u>\$ 33,088,000</u>	<u>\$ 15,293,908</u>	<u>\$ 48,381,908</u>

On October 7, 2021, the District entered into \$5,761,000 Series 2021A-2 Loan, with an interest rate of 2.860% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2021. Mandatory principal payments are due on December 1, commencing on December 1, 2022, with final payment due on December 1, 2041. The Series 2021A-2 Loan is secured by (1) the Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Required Mill Levy, and (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the Series 2021A-2 Loan were used to (1) pay the costs of issuing the Series 2021A-2 Loan, and (2) fund the costs of capital improvements.

For the purpose of paying the principal of and interest on the Loan, there shall be levied on all taxable property of the District, in addition to all other taxes, direct annual taxes in the amount of the Required Mill Levy, not to exceed 50 mills, such Required Mill Levy to be imposed in each of the years 2021 to 2040, inclusive (for collection in 2022 to 2041, inclusive), and to the extent necessary to repay any unpaid principal or interest due on the Loan, in each year thereafter until the principal of and interest on the Loan is fully paid, satisfied, and discharged. Nothing herein shall be construed to require the District to levy an ad valorem property tax in excess of the Required Mill Levy.

The District may, at its option, prepay the Loan in whole, or, with the consent of the Bank, in part, on any Interest Payment Date, as follows:

Prepayment Prior to December 1, 2026; Premium. If the Loan is prepaid on any Interest Payment Date prior to December 1, 2026, the prepayment price shall equal the principal amount of the Loan so prepaid plus accrued interest thereon to the date of such prepayment together with a 1.0% prepayment fee of the principal amount so prepaid (the "Premium").

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**General Obligation/Refunding Loans (Continued)**

Prepayment on and after December 1, 2026. If the Loan is prepaid on any business day on or after December 1, 2026, the prepayment price shall equal the principal amount of the Loan so prepaid, plus accrued interest thereon to the date of such prepayment, without Premium.

Notwithstanding the forgoing provisions, (a) prepayment of the Loan with excess mill levy revenue will not be subject to the Premium, and (b) if the amount of the Premium on any proposed prepayment date exceeds the maximum amount permitted under then-applicable law, then the Loan shall be considered non-prepayable to that extent. Any partial prepayments of the Loan shall be applied first against the principal payment due on the Maturity Date, and then in inverse order of maturity.

The District's Series 2021 A-2 Loan will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 77,000	\$ 162,820	\$ 239,820
2024	113,000	160,618	273,618
2025	113,000	157,386	270,386
2026	121,000	154,154	275,154
2027	125,000	150,693	275,693
2027-2031	729,000	695,781	1,424,781
2032-2036	907,000	581,695	1,488,695
2037-2041	3,508,000	364,765	3,872,765
Total	<u>\$ 5,693,000</u>	<u>\$ 2,427,912</u>	<u>\$ 8,120,912</u>

**Events of Default (Series 2020 Loan, Series 2021A-1 Loan, Series 2021A-2 Loan)**

The occurrence of any one or more of the following events or conditions shall constitute an Event of Default:

- (a) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by this Loan Agreement;
- (b) the District fails to pay the principal of or interest on the Loan or any other amount payable to the Bank hereunder when due;
- (c) the District fails to observe or perform any of the covenants, agreements, or conditions on the part of the District in this Loan Agreement or the other Financing Documents, and the District fails to remedy the same within 30 days after the Bank has provided the District with notice thereof; provided however, that there shall be no Event of Default for failure to observe or perform any of the covenants, agreements, or conditions on the part of the District in this Loan Agreement or the other Financing Documents which are qualified by the phrase "to the extent permitted by law" or by phrases of similar import, if a court or other tribunal of competent jurisdiction has determined in a final, non-appealable judgment that such covenants, agreements, or conditions are not permitted by law;

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Events of Default (Series 2020 Loan, Series 2021A-1 Loan, Series 2021A-2 Loan)  
(Continued)

- (d) any representation or warranty made by the District in this Loan Agreement or in any other Financing Document or any certificate, instrument, financial, or other statement furnished by the District to the Bank, proves to have been untrue or incomplete in any material respect when made or deemed made;
- (e) the occurrence and continuance of an event of default or an event of nonperformance under the Custodial Agreement or any of the other Financing Documents after the expiration of any grace period;
- (f) default in the payment of principal of or interest when due on any Debt of the District and continuance of such default beyond any grace period;
- (g) the pledge of the Pledged Revenue or any other security interest created hereunder or under the Custodial Agreement fails to be fully enforceable with the priority required hereunder or thereunder;
- (h) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days;
- (i) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the Bank's reasonable judgment, will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District's obligations under this Loan Agreement or its other obligations, and the District fails to cure such condition within the time specified by the Bank in a written notice thereof from the Bank;
- (j) (i) the District shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding, or other action of a nature referred to in Section 7.01 (k) hereof and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal, within 30 days from the entry thereof; or (iv) the District shall take action



**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
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in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above;

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

Events of Default (Series 2020 Loan, Series 2021A-1 Loan, Series 2021A-2 Loan)  
(Continued)

- (k) this Loan Agreement, the Custodial Agreement, or any other Financing Document, or any material provision hereof or thereof, ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party;
- (l) any pledge or security interest created hereunder or under the Custodial Agreement fails to be fully enforceable with the priority required hereunder or thereunder, or the District defaults in the payment of any amounts due to the Custodian under the Custodial Agreement and fails to remedy the same within thirty (30) days after notice thereof;
- (m) the District's auditor delivers a qualified opinion with respect to the District's status as an on-going concern;
- (n) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder or under the Custodial Agreement shall become subject to any writ, judgment, warrant, attachment, execution, or similar process.

**Authorized Debt**

On November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$1,005,000,000. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 1, 2005 Election	Authorization Used for 2007 Bonds	Authorization Used for 2017 Bonds	Authorization Used for 2020 Loans	Authorization Used for 2021A-1 Loans	Authorization Used for 2021A-2 Loans	Remaining at December 31, 2022
Street Improvements	\$ 125,000,000	\$ 16,982,279	\$ 5,106,285	\$ -	\$ 1,368,077	\$ 3,341,380	\$ 98,201,979
Traffic and Safety Controls	125,000,000	-	-	-	-	-	125,000,000
Water Supply	125,000,000	1,171,192	352,157	-	94,350	230,440	123,151,861
Sanitary Sewer	125,000,000	11,126,321	3,345,497	-	896,326	2,189,180	107,442,676
Parks and Recreational Facilities	125,000,000	-	-	-	-	-	125,000,000
IGA - Public Improvements	125,000,000	-	-	-	-	-	125,000,000
IGA - Debt	125,000,000	-	-	-	-	-	125,000,000
Operations and Maintenance	5,000,000	-	-	-	-	-	5,000,000
Bond Refunding	125,000,000	-	3,051,061	9,405,000	30,741,247	-	81,802,692
<b>Total</b>	<b>\$ 1,005,000,000</b>	<b>\$ 29,279,792</b>	<b>\$ 11,855,000</b>	<b>\$ 9,405,000</b>	<b>\$ 33,100,000</b>	<b>\$ 5,761,000</b>	<b>\$ 915,599,208</b>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development within the District's service area. Per the Service Plan, the District is limited to issuing \$125,000,000 in debt, however, debt refinanced at a lower interest rate does not require the use of electoral authorization. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 NET POSITION**

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

The restricted component of 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, 2022, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 27,500
Capital Projects	691,638
Total	\$ 719,138

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which are conveyed to other governmental entities.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Front Range Land and Development Company (the Developer). The members of the Board of Directors of the District are owners of or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Additionally, all of the members of the Board of Directors are owners of Madre Investment Company, LLC. In addition, the Developer provides financial, and construction management oversight to the District. During 2022, the District incurred \$5,092 in financial and management fees.

**Advance and Reimbursement Agreement**

The District and the Developer have entered into an Advance and Reimbursement Agreement dated January 12, 2006. Pursuant to the Advance and Reimbursement Agreement, the Developer has agreed to advance funds for financing the costs associated with the formation of the District, District operations, and construction of District improvements after formation. Advances made by the Developer shall accrue interest at 7.5% per annum from the time of deposit into the District’s account until repaid. The District shall make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, or debt service costs. In 2020, the advances were repaid in full.

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 8 RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to 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.

On November 1, 2005, the District voters passed an election question allowing the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses.

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.

## **SUPPLEMENTARY INFORMATION**

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance- Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,079,740	\$ 1,982,594	\$ (97,146)
Specific Ownership Taxes	103,987	106,584	2,597
Net Investment Income	1,400	26,868	25,468
Total Revenues	<u>2,185,127</u>	<u>2,116,046</u>	<u>(69,081)</u>
<b>EXPENDITURES</b>			
Paying Agent Fees	4,000	5,000	(1,000)
County Treasurer's Fees	20,797	19,740	1,057
Loan Principal - Series 2020	590,000	590,000	-
Loan Interest - Series 2020	252,585	252,585	-
Loan Interest - Series 2021A-1	946,660	946,660	-
Loan Interest - Series 2021A-2	164,765	164,765	-
Loan Principal - Series 2021A-1	12,000	12,000	-
Loan Principal - Series 2021A-2	68,000	68,000	-
Interest Expense	-	12,408	(12,408)
Contingency	41,193	-	41,193
Total Expenditures	<u>2,100,000</u>	<u>2,071,158</u>	<u>28,842</u>
<b>NET CHANGE IN FUND BALANCE</b>	85,127	44,888	(40,239)
Fund Balance - Beginning of Year	<u>842,585</u>	<u>918,641</u>	<u>76,056</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 927,712</u></u>	<u><u>\$ 963,529</u></u>	<u><u>\$ 35,817</u></u>

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance- Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 5,847	\$ 93,510	\$ 87,663
Total Revenues	<u>5,847</u>	<u>93,510</u>	<u>87,663</u>
<b>EXPENDITURES</b>			
Contingency	100,000	-	100,000
Transfers to Bellevue MD No. 1	5,450,000	315,878	5,134,122
Total Expenditures	<u>5,550,000</u>	<u>315,878</u>	<u>5,234,122</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,544,153)	(222,368)	5,321,785
Fund Balance - Beginning of Year	<u>8,617,512</u>	<u>8,914,006</u>	<u>296,494</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,073,359</u>	<u>\$ 8,691,638</u>	<u>\$ 5,618,279</u>

## **OTHER INFORMATION**

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY – SERIES 2020 LOAN  
DECEMBER 31, 2022**

<u>Loan and Interest Maturing in the Year Ending December 31,</u>	Belleview Station Metropolitan District #2 Tax-Free Loan Issue, Series 2020 Interest Rate 2.700% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
	Principal	Interest	Total
2023	\$ 540,000	\$ 236,655	\$ 776,655
2024	545,000	222,075	767,075
2025	470,000	207,360	677,360
2026	450,000	194,670	644,670
2027	365,000	182,520	547,520
2028	305,000	172,665	477,665
2029	315,000	164,430	479,430
2030	345,000	155,925	500,925
2031	360,000	146,610	506,610
2032	385,000	136,890	521,890
2033	395,000	126,495	521,495
2034	425,000	115,830	540,830
2035	435,000	104,355	539,355
2036	475,000	92,610	567,610
2037	485,000	79,785	564,785
2038	520,000	66,690	586,690
2039	535,000	52,650	587,650
2040	1,415,000	38,205	1,453,205
Total	\$ 8,765,000	\$ 2,496,420	\$ 11,261,420



**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY – SERIES 2021A-1 LOAN**  
**DECEMBER 31, 2022**

<u>Loan and Interest Maturing in the Year Ending December 31,</u>	Belleview Station Metropolitan District #2 Series 2021A-1 Loan Interest Rate 2.860% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
	2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 Total	\$ 16,000 270,000 343,000 422,000 532,000 654,000 671,000 707,000 721,000 766,000 788,000 831,000 856,000 893,000 922,000 967,000 994,000 1,042,000 20,693,000 <u>\$ 33,088,000</u>	\$ 946,317 945,859 938,137 928,327 916,258 901,043 882,339 863,148 842,928 822,307 800,400 777,863 754,096 729,615 704,075 677,706 650,049 621,621 591,820 <u>\$ 15,293,908</u>

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY – SERIES 2021A-2 LOAN**  
**DECEMBER 31, 2022**

<u>Loan and Interest Maturing in the Year Ending December 31,</u>	Bellevue Station Metropolitan District #2 Series 2021A-2 Loan Interest Rate 2.860% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2023	\$ 77,000	\$ 162,820	\$ 239,820
2024	113,000	160,618	273,618
2025	113,000	157,386	270,386
2026	121,000	154,154	275,154
2027	125,000	150,693	275,693
2028	134,000	147,118	281,118
2029	137,000	143,286	280,286
2030	147,000	139,368	286,368
2031	151,000	135,164	286,164
2032	160,000	130,845	290,845
2033	165,000	126,269	291,269
2034	175,000	121,550	296,550
2035	180,000	116,545	296,545
2036	191,000	111,397	302,397
2037	196,000	105,934	301,934
2038	208,000	100,329	308,329
2039	214,000	94,380	308,380
2040	226,000	88,260	314,260
2041	2,860,000	81,796	2,941,796
Total	\$ 5,693,000	\$ 2,427,912	\$ 8,120,912

**BELLEVUE STATION METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 39,586,130	10.000	40.554	\$ 2,001,237	\$ 1,977,992	98.84 %
2019	42,825,460	10.000	40.559	2,165,212	2,165,212	100.00
2020	63,476,360	10.000	41.051	3,240,532	3,239,448	99.97
2021	84,911,330	10.000	23.000	2,802,074	2,633,267	93.98
2022	90,423,460	10.000	23.000	2,983,975	2,844,468	95.32
Estimated for the Year Ending December 31, 2023	\$ 96,855,950	10.000	23.000	\$ 3,196,247		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

For collection year 2022 the district had an abatement due to the contention of property values. The abatement resulted in an amount owed to the county which will be paid in 2023.