

**BELL CREEK COMMUNITY
DEVELOPMENT AUTHORITY
Hanover County, Virginia**

**AUDITED FINANCIAL STATEMENTS
AS OF JUNE 30, 2025 AND 2024**

**CUSIP NUMBERS:
078068 AB9**



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

BELL CREEK COMMUNITY DEVELOPMENT AUTHORITY

ANNUAL FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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I. BOARD OF DIRECTORS

Mr. David Fuller, Chairman

Mr. Roger Burcham, Vice Chairman

Dr. Charles W. Harrill, Secretary/Treasurer

Mr. Jay Brown, Member at Large

Mr. John Wash Sr., Member at Large

II. AUDITOR'S OPINION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bell Creek Community Development Authority
Hanover County, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Bell Creek Community Development Authority (Authority) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Authority'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 Authority'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.

Required Supplementary Information

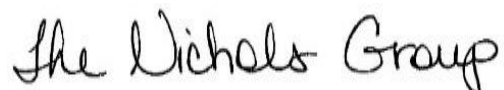
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "The Nichols Group".

The Nichols Group, PA

Fleming Island, Florida

December 17, 2025

III. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the financial performance of the Bell Creek Community Development Authority (the "Authority") provides an overall review of the Authority's financial activities for the years ended June 30, 2025, and 2024. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority incurred long-term debt of \$15,980,000 in special assessment bonds on January 15, 2003. The Series A Bonds, par value of \$12,135,000, pay interest at 6.75% per annum with a final maturity of March 1, 2022. The Series B Bonds, par value of \$3,845,000, pay interest at 7.00% per annum with a final maturity of March 1, 2032. The Authority's debt will be paid through the collection of special assessments imposed on the chargeable properties benefiting from the improvements.
2. Net position at June 30, 2025, and 2024 totaled \$6,476,442 and \$6,954,692, respectively.
3. Capital assets at June 30, 2025 and 2024 totaled \$6,988,957 and \$7,523,048, respectively.
4. Contributions from benefiting property owners totaled \$161,610 and \$171,915 in 2025 and 2024, respectively, comprised of special assessments.
5. The Series 2003A Bonds were redeemed in full on March 1, 2016, from prepaid assessments received from property owners.
6. As of June 30, 2025, there were delinquencies of \$478 for the first half of tax year 2025, and \$990 for tax year 2024.

Overview of the Financial Statements

This annual report consists of two parts – (i) Management's Discussion and Analysis and (ii) the basic financial statements consisting of a *Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows;* and related footnotes. The Statement of Net Position represents the financial position of the Authority and provides information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total financial position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

Comparative Financial Statements

Summary Statement of Net Position:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 167,371	\$ 233,451	\$ 231,477
Capital Assets	<u>6,988,957</u>	<u>7,523,048</u>	<u>8,057,138</u>
Total Assets	<u>7,156,328</u>	<u>7,756,499</u>	<u>8,288,615</u>
Current liabilities	129,911	116,250	111,395
Long-term debt, net of discount	<u>549,975</u>	<u>685,557</u>	<u>755,644</u>
Total Liabilities	<u>679,886</u>	<u>801,807</u>	<u>867,039</u>
Net investment in capital assets	6,357,982	6,761,491	7,229,494
Restricted	67,904	126,470	122,272
Unrestricted	<u>50,556</u>	<u>66,731</u>	<u>69,810</u>
Total Net Position	<u>\$ 6,476,442</u>	<u>\$ 6,954,692</u>	<u>\$ 7,421,576</u>

The decline in Net Position is due mainly to the depreciation of improvements owned by the Authority.

Summary Statement of Revenues, Expenses, and Changes in Net Position:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 161,610	\$ 171,915	\$ 157,640
Operating Expenses	<u>56,398</u>	<u>49,957</u>	<u>56,236</u>
Operating Income (Loss)	105,212	121,958	101,404
Non-operating Revenues(Expenses)	<u>(583,462)</u>	<u>(588,842)</u>	<u>(595,567)</u>
Change in net position	<u>\$ (478,250)</u>	<u>\$ (466,884)</u>	<u>\$ (494,163)</u>

Special assessments collected were used to finance the Authority's debt service requirements and pay administrative costs.

Capital Assets

The Authority's capital assets consist of completed public improvements financed with the Series 2003 bonds, net of depreciation. Depreciation on completed public improvements is being calculated on a straight-line basis over an estimated thirty-year life. Autumn Parkway, completed in fall 2012, was accepted by and conveyed to VDOT in 2015.

Long-Term Debt

The Authority issued Special Assessment Bonds, Series 2003A and 2003B dated January 15, 2003 as follows:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
Series 2003A	\$12,135,000	6.75%	March 1, 2022
Series 2003B	\$ 3,845,000	7.00%	March 1, 2032

This bond issuance represents 100% of the Authority's long-term debt balance.

The bond proceeds were used to fund infrastructure improvements including roads and road improvements, water and sanitary sewer improvements, storm water management improvements, and other improvements to benefit the proposed mixed-use residential, commercial retail, and light industrial development. The debt service is being paid annually beginning March 1, 2003, by Special Assessment Revenues received by the Authority after the payment of certain administrative expenses. The Series 2003A Bonds were redeemed in full on March 1, 2016, from prepaid assessments.

Revenues

The revenues consist of special assessments on the landowners in the community. The special assessments for tax years 2025 and 2024 were \$160,300 and \$166,000, respectively. Please see Note 7 for more information.

Contacting Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Authority's administrator, MuniCap, Inc., at 8965 Guilford Road, Suite 210, Columbia, Maryland 21046.

IV. FINANCIAL STATEMENTS

BELL CREEK COMMUNITY DEVELOPMENT AUTHORITY STATEMENTS OF NET POSITION

As of June 30,

	<u>2025</u>	<u>2024</u>
Current Assets		
Checking/Savings		
Unrestricted cash	\$ 2,338	\$ 3,010
Total cash	<u>2,338</u>	<u>3,010</u>
Interest receivable	1,246	2,257
Due from primary government	80,173	82,737
Due from property owners	497	592
Total current assets	<u>84,254</u>	<u>88,596</u>
Noncurrent Assets		
Restricted cash and investments	<u>83,117</u>	<u>144,855</u>
Capital assets		
Infrastructure, net of depreciation	<u>6,988,957</u>	<u>7,523,048</u>
Total capital assets	<u>6,988,957</u>	<u>7,523,048</u>
Total noncurrent assets	<u>7,072,074</u>	<u>7,667,903</u>
Total assets	<u>7,156,328</u>	<u>7,756,499</u>
Current liabilities		
Accounts payable	33,698	21,865
Accrued interest payable	15,213	18,385
Debt due in less than one year	81,000	76,000
Total current liabilities	<u>129,911</u>	<u>116,250</u>
Long term liabilities		
Debt due in more than one year, net of discount	<u>549,975</u>	<u>685,557</u>
Total liabilities	<u>679,886</u>	<u>801,807</u>
Net investment in capital assets	6,357,982	6,761,491
Restricted	67,904	126,470
Unrestricted	50,556	66,731
Total net position	<u>\$ 6,476,442</u>	<u>\$ 6,954,692</u>

The accompanying notes to the financial statements are an integral part of this statement.

BELL CREEK COMMUNITY DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Operating revenues		
Contribution by benefiting property owners	\$ 161,610	\$ 171,915
Operating expenses		
Accounting, consulting and legal fees	55,848	49,957
Insurance expense	550	-
Total operating expenses	<u>56,398</u>	<u>49,957</u>
Operating income	<u>105,212</u>	<u>121,958</u>
Non-operating revenues (expenses)		
Interest and dividend revenues	8,033	9,681
Interest expense	(57,405)	(64,433)
Depreciation expense	<u>(534,090)</u>	<u>(534,090)</u>
Total non-operating revenues (expense)	<u>(583,462)</u>	<u>(588,842)</u>
Change in net position	(478,250)	(466,884)
Net position, beginning of period	<u>6,954,692</u>	<u>7,421,576</u>
Net position, end of period	<u>\$ 6,476,442</u>	<u>\$ 6,954,692</u>

The accompanying notes to the financial statements are an integral part of this statement.

BELL CREEK COMMUNITY DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	2025	2024
Cash flows from operating activities:		
Contribution by benefiting property owners	164,271	168,869
Cash payments for accounting, consulting, and legal fees	(44,565)	(44,107)
Net cash provided by operating activities	119,706	124,762
Cash flows from investing activities:		
Interest and dividends received on investments	9,044	9,657
Net cash provided by investing activities	9,044	9,657
Cash flows from capital and related financing activities:		
Interest paid on bonds	(55,160)	(60,200)
Principal reduction on bonds	(136,000)	(72,000)
Net cash used in capital and related financing activities	(191,160)	(132,200)
Change in cash	(62,410)	2,219
Cash, beginning of period	147,865	145,646
Cash, end of period	\$ 85,455	\$ 147,865
Reconciliation of operating income to net cash provided by		
Operating activities:		
Operating income	\$ 105,212	\$121,958
Adjustments to reconcile operating income		
Increase in accounts payable	11,834	5,850
Decrease in deferred revenues	-	(3,313)
Decrease in accounts receivable	2,660	267
Net cash provided by operating activities	\$ 119,706	\$ 124,762

The accompanying notes to the financial statements are an integral part of this statement.

IV. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

The Bell Creek Community Development Authority (the “Authority”) was created pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia of 1950 adopted by the Board of Supervisors of Hanover County, Virginia (the “County”) on July 24, 2002 for the purpose of financing the acquisition and implementation of certain public utility infrastructure and other public improvements including construction and extension of certain roads and traffic improvements, storm water management improvements, and water and sewer system extensions and improvements. The Authority is authorized to issue revenue bonds to pay the costs associated with such improvements. In addition, the Authority is authorized to finance such improvements by special assessments imposed on property within the Authority’s boundaries.

The Bell Creek Community Development Authority, Special Assessment Revenue Bonds, Series 2003A and 2003B (the “Bonds”), were issued pursuant to an Indenture of Trust (the “Indenture”) by and between the Authority and US Bank, N.A., formerly Wachovia Bank, (the “Trustee”), dated as of January 15, 2003. The Bonds are intended to be paid primarily from special assessments imposed and collected by the County against the taxable real property in the District. Unless prepaid, such special assessments are payable in installments at the same time general real estate taxes are paid in the County. Special assessments, when imposed, will be made a lien on parcels subject to taxation in the District, and the County has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the special assessment annual installment.

The District consists of approximately 325 acres of land located ten miles north of the city of Richmond’s central business district. The District is part of a mixed-use development that is expected to contain residential, commercial and industrial components.

The powers of the Authority are exercised by a board of directors consisting of five members, appointed by the Board of Supervisors. Directors serve for a four-year term and are subject to reappointment for an unlimited number of terms.

The Authority’s management believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

A. Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Authority uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, financial position and changes in net position, and cash flows.

B. Measurement Focus and Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted components, if applicable.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and measurement focus relates to the timing of the measurements made. The Authority uses the accrual basis of accounting and the flow of economic resources measurement focus for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Cash Equivalents

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.

Investments with an initial maturity of more than three months are reported as Investments. Investments are reported at amortized cost and are segregated into short-term and long-term components. Investments maturing within one year are considered short-term. Amortization of any premium or discount on the purchase of investments is calculated using the straight-line method. All investments are expected to be held until maturity.

D. Capital Assets

Capital assets represent the Authority's reclassification of construction in progress to infrastructure as a result of the completion of construction on June 1, 2008. Infrastructure assets owned by the Authority are being depreciated using the straight-line method over an estimated useful life of 30 years. All other infrastructure improvements have been donated to the appropriate government agency upon completion and acceptance.

E. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. For the Authority, these revenues are special assessments. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the Authority. All revenues and expenses not meeting this definition are reported as non-operating.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Income Taxes

The Authority is a governmental entity, and therefore, is exempt from all federal and state income taxes.

I. New Accounting Standards

GASB Statement No. 100, Accounting Changes and Error Corrections, became effective in fiscal year 2024. Any accounting changes or error corrections noted during the audit will be presented as per the new standard.

J. Future Accounting Standards

GASB has issued new standards that will become effective in future fiscal years. The Authority will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 3—CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents consisted of the following as of June 30, 2025, and 2024:

	2025	2024
Guaranteed investment contracts	\$ 78,800	\$ 142,300
First American Govt. Obligations Fund	6,655	5,565
Total cash and cash equivalents	<u>\$ 85,455</u>	<u>\$ 147,865</u>

Cash equivalents include money market accounts and guaranteed investment contracts (“GIC”). Money market accounts are carried at fair value, based on quoted market prices at year end. Guaranteed investment contracts are carried at amortized cost, which approximates fair value. The Authority invested a portion of the proceeds from the revenue bonds in professionally managed money market funds. The proceeds of the special assessment bonds are set aside for their repayment and are classified as restricted cash equivalents on the statement of net position because they are maintained in separate bank accounts and/or their use is limited by applicable bond covenants.

The GIC that comprises approximately 92% of the investment portfolio was entered into based upon the credit rating of the GIC provider.

<u>Provider</u>	<u>Fair Value</u>	<u>Rating</u>
Société Generale	\$78,800.00	A

A. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned. There is no custodial credit risk to these accounts as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the “Deposits Act”). Under the Deposits Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Financial institutions are required to collateralize 100% of deposits in excess of the FDIC limit. The State Treasury Board is responsible for monitoring compliance by financial institutions.

The underlying securities in money market accounts in which cash equivalents were invested were held by financial institutions in their trust departments in the Authority’s name.

B. Interest Rate Risk

Interest rate risk is the risk that an interest rate change could adversely affect an investment’s fair value. As a means of limiting exposure to fair value losses arising from rising interest rates, the Indenture requires the investment of moneys in the Debt Service Reserve Fund must mature or be payable at the option of the Trustee not more than ten years after the date of their purchase. All investments have a maturity of one day or less. The Authority does not have a policy to address interest rate risk.

C. Credit Risk

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, and the African Development Bank, commercial paper rated A-1 by Standard and Poor’s Corporation or P-1 by Moody’s Commercial Paper Records, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

D. Concentration of Credit Risk

Concentration of credit risk can arise by failing to adequately diversify investments. The Indenture establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. Not more than 35% of the Authority's total funds available for investment may be invested in commercial paper, and not more than 5% of the Authority's total funds available for investment may be invested in the commercial paper of any single issuer. The Indenture establishes limitations on the holdings of non-U.S. Government obligations as well.

E. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, and Level 3 inputs are significant unobservable inputs. The Authority's investments in money market funds and guaranteed investment contracts totaling \$78,800 are valued using quoted market prices (Level 1 inputs).

NOTE 4—RECEIVABLES

Receivables at June 30, 2025 and 2024 consisted of revenues received by the County but not yet submitted to the Authority, revenues due from property owners, and accrued interest. All receivables are considered collectable in full within one year. No provision for uncollectable assessments has been made based on management's evaluation of the credit quality of the payers.

NOTE 5—CAPITAL ASSETS

The Authority's capital asset activity for the years ended June 30, 2025 and 2024 was as follows:

	Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Donations</u>	Balance <u>June 30, 2025</u>
Bell Creek development	\$ 16,116,385	\$ -	\$ -	\$ 16,116,385
Accumulated depreciation	(8,593,337)	(534,091)	-	(9,127,428)
Total Capital Assets	<u>\$ 7,523,048</u>	<u>\$ (534,091)</u>	<u>\$ -</u>	<u>\$ 6,988,957</u>
	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Donations</u>	Balance <u>June 30, 2024</u>
Bell Creek development	\$ 16,116,385	\$ -	\$ -	\$ 16,116,385
Accumulated depreciation	(8,059,247)	(534,090)	-	(8,593,337)
Total Capital Assets	<u>\$ 8,057,138</u>	<u>\$ (534,090)</u>	<u>\$ -</u>	<u>\$ 7,523,048</u>

Autumn Parkway was completed in the fall of 2012 and was accepted and conveyed to VDOT in 2015. All improvements owned by the Authority are being depreciated over their estimated useful life.

NOTE 6—LONG-TERM OBLIGATIONS

The Authority’s long-term debt activity for the years ending June 30, 2025, and 2024 was as follows:

	Balance			Balance	Due within
	<u>July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2025</u>	<u>One Year</u>
Series 2003B Bonds	\$ 788,000	\$ -	\$ 136,000	\$ 652,000	\$ 81,000
Less: unamortized discount	<u>(26,443)</u>	<u>-</u>	<u>(5,418)</u>	<u>(21,025)</u>	<u>-</u>
Net Bonds Payable	<u>\$ 761,557</u>	<u>\$ -</u>	<u>\$ 130,582</u>	<u>\$ 630,975</u>	<u>\$ 81,000</u>
	Balance			Balance	Due within
	<u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2024</u>	<u>One Year</u>
Series 2003B Bonds	\$ 860,000	\$ -	\$ 72,000	\$ 788,000	\$ 76,000
Less: unamortized discount	<u>(32,356)</u>	<u>-</u>	<u>(5,913)</u>	<u>(26,443)</u>	<u>-</u>
Net Bonds Payable	<u>\$ 827,644</u>	<u>\$ -</u>	<u>\$ 66,087</u>	<u>\$ 761,557</u>	<u>\$ 76,000</u>

A. Special Obligation Revenue Bonds, Series of 2003

On January 15, 2003, the Series 2003A and 2003B bonds were issued in the amounts of \$12,135,000 and \$3,845,000, respectively, for the purpose of financing the cost of certain infrastructure improvements within the Authority’s district, to fund a reserve fund, to fund capitalized interest through March 1, 2004, to fund certain administrative expenses through March 1, 2004, and to pay certain costs relating to the issuance of the bonds. These bonds will be repaid from amounts levied against the property owners benefited by this construction. The County, on behalf of the Authority, will impose and collect the special assessment annual installments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the special assessment annual installments to include assessment of penalties and interest, and tax foreclosure proceedings. The special assessments were made a lien on the parcels within the District pursuant to the Special Assessment Agreement and the Rate and Method of Apportionment. The Series 2003A bonds were redeemed in full on March 1, 2016, from assessment prepayments received from property owners.

The Series 2003A and 2003B bonds are term bonds, which matured on March 1, 2022, and March 1, 2032, respectively. The bonds are subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption at various dates through March 1, 2032.

Beginning March 1, 2003, interest is payable on March 1 and September 1 of each year. Interest payments totaled \$55,160 and \$60,200 for the years ended June 30, 2025, and 2024, respectively.

B. Optional Redemption

The Bonds may be redeemed at the option of the Authority at any time on or after March 1, 2013, from any money available for such purpose, in whole or in part, upon payment of the following redemption prices plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
March 1, 2013 to February 28, 2014	101%
March 1, 2014 and thereafter	100%

C. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus accrued interest to the redemption date, on each March 1, beginning on March 1, 2008. Mandatory debt service requirements consist of the following, as revised for special mandatory redemptions from prepayments of assessments:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 81,000	\$ 45,640
2027	77,000	39,970
2028	84,000	34,580
2029	90,000	28,700
2030	97,000	22,400
2031-2032	223,000	23,870
Total	<u>\$ 652,000</u>	<u>\$ 195,160</u>

D. Special Mandatory Redemption

The Bonds are subject to special mandatory redemption in part at a redemption price of 100% of the principal amount plus accrued interest to the redemption date on any interest payment date from proceeds received from prepayment of assessments relating to the property. Special mandatory redemptions totaling \$60,000 were made in fiscal year 2025. There were no mandatory redemptions from prepaid assessments for fiscal year 2024.

NOTE 7—SPECIAL ASSESSMENTS

The Authority's Board of Directors, with a recommendation from the Administrator, determined the assessment lien for each parcel of land within the District prior to the issuance of the Series 2003A and 2003B bonds. The total of the assessment liens levied on all of the parcels is not to exceed \$18,833,000.

The Administrator calculates the annual installment on each parcel of land, which is confirmed by the Board of Directors, equal to the annual installment rate multiplied by the assessment lien for each parcel. The aggregate amount of the annual installments on all the parcels in any tax year shall equal the annual revenue requirement for such tax year. The assessment lien applicable to

any parcel shall be reduced each year for the principal portion of the annual installment collected from each parcel.

Annual installments are collected in the same manner and at the same time as regular property taxes of Hanover County and are subject to the same penalties, procedures, sale and lien priorities in case of delinquencies as are provided for regular property taxes of the County.

The Authority is required to notify the County of the amount of the annual installment to be collected on each parcel each tax year in a timely manner to allow the collection of the annual installment by the County. After assessments are collected, monies are forwarded to the Trustee for application to debt service.

Special assessments in the amount of \$160,300 were due for collection in equal installments on June 5 and October 5, 2025. As of June 30, 2025, there were delinquencies of \$478 for the first half of 2025. All 2025 assessments collected by the County have been remitted to the Authority.

Special assessments in the amount of \$166,000 were due for collection in equal installments on June 5 and October 5, 2024. As of June 30, 2025, there were delinquencies of \$990 for tax year 2024. All 2024 assessments collected by the County have been remitted to the Authority.

Special assessments in the amount of \$166,000 were due for collection in equal installments on June 5 and October 5, 2023. As of June 30, 2025, there were no delinquencies for tax year 2023. All assessments collected by the County have been remitted to the Authority.

NOTE 8—ARBITRAGE

When applicable, arbitrage calculations are performed on the Authority's funds to determine any arbitrage rebate or yield restriction liability. No liabilities for arbitrage rebate or yield restrictions were identified in fiscal years June 30, 2025 and 2024.

NOTE 9—CONTINGENT LIABILITIES

As of December 17, 2025, there were no claims or lawsuits pending against the Authority.

NOTE 10—SUBSEQUENT EVENTS

As of November 12, 2025, the County reported delinquencies of \$990 from the tax year 2024 assessments, and delinquencies of \$956 from the tax year 2025 assessments.

NOTE 11—EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2025, the date which the financial statements were available to be issued.

V. COMPLIANCE



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bell Creek Community Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Bell Creek Community Development Authority (Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

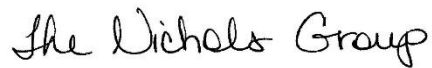
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely

The Nichols Group

The Nichols Group, PA
Fleming Island, Florida

December 17, 2025