

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
Adams County, Colorado

**FINANCIAL STATEMENTS**  
December 31, 2019

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### **Independent Auditor's Report**

Board of Directors  
Bromley Park Metropolitan District No. 6  
Adams County, Colorado

#### **Report for the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Bromley Park Metropolitan District No. 6 (District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bromley Park Metropolitan District No. 6, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
September 30, 2020

## **BASIC FINANCIAL STATEMENTS**

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments - unrestricted	\$ 650,927
Cash and investments - restricted	609,696
Receivable from county treasurer	3,980
Property taxes receivable	1,038,798
Capital assets not being depreciated	7,190,711
Capital assets being depreciated, net of accumulated depreciation	669,268
Total assets	10,163,380
<b>LIABILITIES</b>	
Accounts payable	24,990
Due to other governmental entities	77,725
Accrued interest on loans	18,289
Noncurrent liabilities	
Due within one year	412,500
Due in more than one year:	
Refunding loan payable	14,481,614
Total liabilities	15,015,118
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	1,038,798
Total deferred inflows of resources	1,038,798
<b>NET POSITION</b>	
Net investment in capital assets	180,601
Restricted for:	
Emergency reserves	12,100
Debt service	594,873
Unrestricted	(6,678,110)
Total net position	\$ (5,890,536)

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 1,830,750	\$ -	\$ -	\$ 299,628	\$ (1,531,122)
Interest and expenses on long-term debt	313,852	-	-	-	(313,852)
	<u>\$ 2,144,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,628</u>	<u>(1,844,974)</u>
General revenues:					
Property taxes					638,877
Specific ownership taxes					52,032
Interest					22,705
Total general revenues					<u>713,614</u>
Change in net position					(1,131,360)
Net position - beginning of year					(4,759,176)
Net position - end of year					<u>\$ (5,890,536)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments - unrestricted	\$ 191,285	\$ -	\$ 459,642	\$ 650,927
Cash and investments - restricted	-	609,696	-	609,696
Receivable from county treasurer	514	3,466	-	3,980
Property taxes receivable	148,400	890,398	-	1,038,798
<b>TOTAL ASSETS</b>	<b>\$ 340,199</b>	<b>\$ 1,503,560</b>	<b>\$ 459,642</b>	<b>\$ 2,303,401</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 24,990	\$ -	\$ -	\$ 24,990
Due to other governmental entities	77,725	-	-	77,725
Total liabilities	102,715	-	-	102,715
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	148,400	890,398	-	1,038,798
Total deferred inflows of resources	148,400	890,398	-	1,038,798
 <b>FUND BALANCES</b>				
Restricted:				
Emergency reserves	12,100	-	-	12,100
Debt service	-	613,162	-	613,162
Assigned:				
Capital projects	-	-	459,642	459,642
Subsequent year's expenditures	11,322	-	-	11,322
Unassigned	65,662	-	-	65,662
Total fund balances	89,084	613,162	459,642	1,161,888
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 340,199</b>	<b>\$ 1,503,560</b>	<b>\$ 459,642</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	7,859,979
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Refunding loans payable	(11,885,000)
Developer advances payable	(3,009,114)
Accrued interest on refunding loan payable	(18,289)
Net position of governmental activities	<b>\$ (5,890,536)</b>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 91,268	\$ 547,609	\$ -	\$ 638,877
Specific ownership taxes	6,724	45,308	-	52,032
System development fees	-	-	299,628	299,628
Interest	3,978	18,727	-	22,705
Total revenues	<u>101,970</u>	<u>611,644</u>	<u>299,628</u>	<u>1,013,242</u>
<b>EXPENDITURES</b>				
<u>General:</u>				
Audit	4,600	-	-	4,600
County treasurer fees	1,369	8,214	-	9,583
Directors' fees	1,600	-	-	1,600
District management and accounting	49,323	-	-	49,323
Dues and subscriptions	364	-	-	364
Engineering	15,505	-	-	15,505
Insurance and bonds	3,528	-	-	3,528
Legal	20,593	-	-	20,593
Miscellaneous	167	-	-	167
Repairs and maintenance	22,455	-	-	22,455
Reimbursement of project costs	-	-	1,668,915	1,668,915
Support services	14,006	-	-	14,006
Utilities	246	-	-	246
<u>Debt service:</u>				
Bond principal	-	300,000	-	300,000
Bond interest	-	230,032	-	230,032
Repayment of developer advances	-	-	3,894,135	3,894,135
Loan issuance costs	-	84,700	-	84,700
<u>Capital outlay:</u>				
Public infrastructure	-	-	7,190,711	7,190,711
Total expenditures	<u>133,756</u>	<u>622,946</u>	<u>12,753,761</u>	<u>13,510,463</u>
<b>EXCESS OF EXPENDITURES OVER EXPENDITURES</b>				
	<u>(31,786)</u>	<u>(11,302)</u>	<u>(12,454,133)</u>	<u>(12,497,221)</u>
<b>OTHER FINANCING SOURCES</b>				
General obligation refunding loan	-	5,650,000	-	5,650,000
Developer advances	-	-	6,903,249	6,903,249
Transfers from (to) other funds	18,725	(5,931,775)	5,913,050	-
Total other financing sources	<u>18,725</u>	<u>(281,775)</u>	<u>12,816,299</u>	<u>12,553,249</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,061)	(293,077)	362,166	56,028
<b>FUND BALANCE - BEGINNING OF YEAR</b>	102,145	906,239	97,476	1,105,860
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 89,084</u>	<u>\$ 613,162</u>	<u>\$ 459,642</u>	<u>\$ 1,161,888</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

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

Net change in fund balance - Total governmental funds	\$	56,028
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Refunding loan proceeds	\$ (5,650,000)		
Refunding loan principal payment	300,000		
Developer advances	(6,903,249)		
Repayment of developer advances	<u>3,894,135</u>		(8,359,114)

Governmental funds report capital outlays as expenditures. In the Statement of Activities capital outlay is not reported as an expenditure.

7,190,711

Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in accrued interest on loan payable	880		
Depreciation	<u>(19,865)</u>		<u>(18,985)</u>

Change in net position of governmental activities

\$ (1,131,360)

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 91,268	\$ 91,268	\$ 91,268	\$ -
Specific ownership taxes	6,500	6,500	6,724	224
Interest	4,000	4,000	3,978	(22)
Total revenues	<u>101,768</u>	<u>101,768</u>	<u>101,970</u>	<u>202</u>
<b>EXPENDITURES</b>				
Audit	12,950	4,600	4,600	-
County treasurer fees	1,369	1,369	1,369	-
Directors' fees	2,400	2,400	1,600	800
District management and accounting	30,000	49,500	49,323	177
Dues and subscriptions	1,000	1,000	364	636
Engineering	5,000	16,000	15,505	495
Insurance and bonds	5,000	5,000	3,528	1,472
Legal	20,000	20,000	20,593	(593)
Miscellaneous	5,000	500	167	333
Repairs and maintenance	12,500	25,000	22,455	2,545
Support services	7,500	15,000	14,006	994
Utilities	1,500	1,500	246	1,254
Emergency reserve	3,100	3,100	-	3,100
Total expenditures	<u>107,319</u>	<u>144,969</u>	<u>133,756</u>	<u>11,213</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(5,551)</u>	<u>(43,201)</u>	<u>(31,786)</u>	<u>11,415</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	-	19,000	18,725	(275)
Total other financing sources	<u>-</u>	<u>19,000</u>	<u>18,725</u>	<u>(275)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(5,551)</u>	<u>(24,201)</u>	<u>(13,061)</u>	<u>11,140</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>62,726</u>	<u>102,145</u>	<u>102,145</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 57,175</u>	<u>\$ 77,944</u>	<u>\$ 89,084</u>	<u>\$ 11,140</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Bromley Park Metropolitan District No. 6 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on November 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado, and almost entirely within the City of Brighton (City), with the exception of a few parcels. The District is one of six contiguous districts: South Beebe Draw Metropolitan District, Bromley Park Metropolitan Districts Nos. 2, 3, 5 and 6 and Brighton Crossing Metropolitan District No. 4 (the Districts, or SBD, BPMD Nos. 2, 3, 5, 6 and BC, respectively). As of December 31, 2019, all the Districts, with the exception of BPMD No. 2 and BC, have substantially the same membership of their respective Boards of Directors. SBD, BPMD Nos. 2 and 3 and BC were participants in the Annexation Agreement, as amended, between the City of Brighton and the then current developer of the majority of the property within the District, BPK Holdings, LLC (BPK). The District and BPMD No. 5 were formed in 2000 and both are participating in the Annexation Agreement, as amended.

Pursuant to the Intergovernmental Agreement Regarding sales and use taxes (Sales and Use Tax IGA) entered into on August 4, 1995, between BPK, SBD, BPMD Nos. 2 and 3 and BC, SBD was designated by BPK to receive and administer all sales and use taxes remitted under the Annexation Agreement, as amended, by the City and to apply the receipts to the common benefit of BPMD Nos. 2 and 3, and BC, and later, under separate agreements, to the benefit of BPMD Nos. 5 and 6 and Adams East Metropolitan District (Adams East) as revenue pledged for debt service on bonds which funded improvements within those districts and benefitted all Districts. The property within the boundaries of BPMD Nos. 5 and 6 and Adams East is within the boundaries of the property described in the Annexation Agreement, as amended.

On August 24, 2010, the District consented to the formation of Adams East upon property located within the boundaries of the District. The initial boundaries of the property are located north of Bromley Lane and east of Interstate 76. The initial boundaries of the property were excluded from the District.

The District was established principally to provide for the construction, acquisition and installation of streets and safety control, street lighting, landscaping, storm drainage, television relay, water, sanitary sewer, transportation, mosquito control and park and recreation improvements and facilities, and for the ongoing maintenance of street lighting, street landscaping and park and recreation facilities within and without the boundaries of the District.

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

SBD, BPMD Nos. 2 and 3, and BC entered into an Inter-district Regional Facilities Intergovernmental Agreement (Inter-district IGA, as amended) on March 21, 2000 to expand the responsibilities of SBD to include coordination of construction, operation and maintenance of regional facilities with ownership retained by SBD and to provide for the funding of such regional facilities and infrastructure. On July 21, 2004 the Inter-district IGA was amended by the First Amendment to Inter-district Regional Facilities Intergovernmental Agreement between

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)**

SBD, BPMD Nos. 2 and 3 and BC, which consented to the reimbursement of certain infrastructure improvement expenses incurred by BPMD No. 2 and BC. The Inter-district IGA was further amended on October 18, 2005 through the Agreement and Second Amendment to Inter-district Regional Facilities Intergovernmental Agreement for the purpose of addressing only those certain provisions concerning the sewer line connection fee to include the District, BPMD No. 5 and Silver Peaks Metropolitan District Nos. 1-5 (SPMD Nos. 1-5) as they, along with BPMD Nos. 2 and 3, and BC, benefit from the improvement and extension of sewer lines to the Town of Lochbuie (Town) wastewater treatment plant (see Note 10). The District, BPMD No. 5 and SPMD Nos. 1-5 were not made a party to all terms of the Inter-district IGA, as amended. Funding for the regional facilities and maintenance are from certain fees collected by BPMD Nos. 2, 3, 5 and 6, BC, and SPMD Nos. 1-5 and transferred to SBD (see Note 10).

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 District organization (including SBD, BPMD Nos. 2, 3 and 5, BC and Adams East), nor is the District a component unit of any other primary governmental entity.

**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. For the most part, 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 assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District is reported as net position.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds, notes and developer advances are 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest and related expenses 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.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

**Budgets**

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

For the year ended December 31, 2019, supplementary appropriations approved by the District's Board of Directors modified the appropriations from \$107,319 to \$144,969 in the General Fund, from \$890,746 to \$6,555,246 in the Debt Service Fund and from \$447,476 to \$12,764,500 in the Capital Projects Fund.

**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 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.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the 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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**Capital Assets**

Capital assets, which include equipment and infrastructure assets (e.g. rail extension and vehicles), are reported as a governmental activity in the governmental-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. It is the District's policy to capitalize those assets with a cost or value of \$5,000 or more.

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 that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District 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 estimated economic useful lives:

Railroad extension	50 years
Vehicles	5 years

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. 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.

**Fund Balances – Governmental Funds**

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**Fees**

The District imposes certain system development, impact and storm drainage fees on property within the Districts. The fees are required to be paid prior to the issuance of a building permit by the City. The District records the revenue when the fees are paid and received.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019 are classified in the accompanying statement of net position as follows:

Cash and investments - unrestricted	\$ 650,927
Cash and investments - restricted	<u>609,696</u>
	<u>\$ 1,260,623</u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 279,550
Investments	<u>981,073</u>
Total cash and investments	<u>\$ 1,260,623</u>

**Cash Deposits**

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

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
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**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2019, the District's cash deposits had a bank balance of \$280,011 and a carrying balance of \$279,550.

**Investments**

**Credit Risk**

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

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

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) above, 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 disclosure requirements or subject to investment custodial risk 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.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

As of December 31, 2019, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Carrying Amount</b>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	\$ 981,073
		<u>\$ 981,073</u>

**COLOTRUST**

During 2019, the District invested in Colorado Local Government Liquid Asset Trust (Colostrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colostrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colostrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colostrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. As of December 31, 2019, the District had \$981,073 invested in COLOTRUST PLUS+ in the name of the District. COLOTRUST is rated AAAM by S&P Global Ratings.

**Investment Valuation**

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

Colostrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colostrust, are accrued daily.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
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**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019, follows:

<u>Governmental Activities</u>	<u>Balance at December 31, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2019</u>
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 7,190,711	\$ -	\$ 7,190,711
Total capital assets, not being depreciated	<u>-</u>	<u>7,190,711</u>	<u>-</u>	<u>7,190,711</u>
Capital assets, being depreciated				
Rail extension	993,239	-	-	993,239
Vehicles	1,504	-	-	1,504
Total capital assets, being depreciated	<u>994,743</u>	<u>-</u>	<u>-</u>	<u>994,743</u>
Less accumulated depreciation for:				
Rail extension	(304,106)	(19,865)	-	(323,971)
Vehicles	(1,504)	-	-	(1,504)
Total accumulated depreciation	<u>(305,610)</u>	<u>(19,865)</u>	<u>-</u>	<u>(325,475)</u>
Total capital assets, being depreciated, net	<u>689,133</u>	<u>(19,865)</u>	<u>-</u>	<u>669,268</u>
Total capital assets, net	<u>\$ 689,133</u>	<u>\$ 7,170,846</u>	<u>\$ -</u>	<u>\$ 7,859,979</u>

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2019:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
Direct Placement Loans/Advances:					
General Obligation Refunding Loan, Series 2015	\$ 6,535,000	\$ -	\$ (300,000)	\$ 6,235,000	\$ 322,500
General Obligation Refunding Loan, Series 2019	-	5,650,000	-	5,650,000	90,000
Developer advances - principal	-	6,903,249	(3,894,135)	3,009,114	-
	<u>\$ 6,535,000</u>	<u>\$ 12,553,249</u>	<u>\$ (4,194,135)</u>	<u>\$ 14,894,114</u>	<u>\$ 412,500</u>

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

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

**General Obligation Refunding Loan Series 2015**

On December 1, 2015, the District entered into a \$7,320,000 General Obligation Refunding Loan Agreement (Series 2015 Loan) with Key Government Finance, Inc. The Series 2015 Loan bears an interest rate of 3.52% payable semiannually on June 1 and December 1, with annual principal payments beginning December 1, 2016. The Series 2015 Loan matures on December 1, 2025. The Series 2015 Loan may be prepaid at the option of the District, upon payment of the entire outstanding principal balance of the Series 2015 Loan, plus accrued interest to the date of prepayment, plus any other amounts due and the applicable prepayment fee. The prepayment fee will be one of the following based on the payment date: 1) 3% of the outstanding principal balance if prepayment occurs on or before January 1, 2019, 2) 2% of the outstanding principal balance if prepayment occurs after January 1, 2019 and on or before January 1, 2020, 3) 1% of the outstanding principal balance if prepayment occurs after January 1, 2020 and on or before January 1, 2021 and 4) 0% thereafter. The Series 2015 Loan is secured by pledged revenue consisting of property taxes to be levied by the District on all taxable property in the District.

The net proceeds of the Series 2015 Loan were used to 1) pay the costs of issuance of the refunding loan, 2) refund general obligation bonds dated March 30, 2010, 3) pay the outstanding amount due on the Series 2010A general obligation subordinate note dated January 26, 2010 plus accrued interest, 4) reimburse SBD the amount due under a designation agreement and 5) provide funds in order to advance refund the Series 2006 bonds on or after December 1, 2016.

Significant events of default under the Series 2015 Loan include: (i) failure to pay principal and interest when due on any obligation of the District, (ii) failure to impose required mill levy or failure to apply pledged revenue thereof as required by the terms of the Series 2015 Loan, (iii) failure to meet financial or custodial agreement covenants where such failure is not remedied within 30 days, (iv) qualified audit opinion with respect to the District's status as an on-going concern, (v) judgments against the District as described in the Series 2015 Loan agreement, (vi) proceedings to dissolve the District or consolidate the District where the District would cease to exist and (vii) filing a petition under federal or other applicable bankruptcy laws seeking to adjust the District's debts.

Upon the occurrence and continuance of an event of default, the Series 2015 Loan balance shall bear interest at the 6.52% through June 1, 2025 and at the then current five year U.S. Treasury bond rate plus 8% thereafter. In addition, the holder of the 2015 Loan may proceed to protect and enforce the rights available under the loan and custodial agreements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

The District's Series 2015 Loan matures as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 322,500	\$ 219,472	\$ 541,972
2021	347,500	208,120	555,620
2022	372,500	195,888	568,388
2023	392,500	182,776	575,276
2024	423,500	168,960	592,460
2025	4,376,500	154,053	4,530,553
	\$ 6,235,000	\$ 1,129,269	\$ 7,364,269

**General Obligation Refunding Loan Series 2019**

On December 30, 2019, the District entered into a \$5,650,000 General Obligation Refunding Loan Agreement (Series 2019 Loan) with Key Government Finance, Inc. The Series 2019 Loan bears an interest rate of 3.50% with interest and principal due annually on December 1. The Series 2019 Loan matures on December 1, 2029. The Series 2019 Loan may be prepaid at the option of the District, upon payment of the entire outstanding principal balance of the Series 2019 Loan, plus accrued interest to the date of prepayment, plus any other amounts due and any applicable prepayment fee. The prepayment fee due will be 2% of the outstanding principal balance if prepayment occurs on or before December 30, 2021 and 0% thereafter. The Series 2019 Loan is secured by pledged revenue consisting of property taxes to be levied by the District on all taxable property in the District.

The net proceeds of the Series 2019 Loan were used to 1) refund the developer obligation, 2) reimburse SBD for the cost of regional infrastructure that benefits the District and 3) pay the costs of issuance of the refunding loan.

Significant events of default under the Series 2019 Loan include: (i) failure to pay principal and interest when due on any obligation of the District, (ii) failure to impose required mill levy or failure to apply pledged revenue thereof as required by the terms of the Series 2019 Loan, (iii) failure to meet financial or custodial agreement covenants where such failure is not remedied within 30 days, (iv) qualified audit opinion with respect to the District's status as an on-going concern, (v) judgments against the District as described in the Series 2019 Loan agreement, (vi) proceedings to dissolve the District or consolidate the District where the District would cease to exist and (vii) filing a petition under federal or other applicable bankruptcy laws seeking to adjust the District's debts.

Upon the occurrence and continuance of an event of default, the Series 2019 Loan balance shall bear interest at the loan rate plus 4%. In addition, the holder of the 2019 Loan may proceed to protect and enforce the rights available under the loan and custodial agreements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

The District's Series 2019 Loan matures as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 90,000	\$ 181,820	\$ 271,820
2021	95,000	194,600	289,600
2022	100,000	191,275	291,275
2023	105,000	187,775	292,775
2024	125,000	184,100	309,100
2025 - 2029	5,135,000	847,700	5,982,700
	\$ 5,650,000	\$ 1,787,270	\$ 7,437,270

**Advance and Reimbursement Agreement**

On October 24, 2017, the District entered into an advance and reimbursement agreement (2017 Agreement) between and among the District and King Paul 1, LLC (King Paul), Jacobs Colorado LLC (Jacobs), IVE Colorado LLC (IVE) and 76 Commerce Center LLC (76 Commerce Center). King Paul, Jacobs and IVE are collectively referred to as the Owners. The Owners and 76 Commerce Center are collectively referred to as the Developers. Construction costs of public improvements furnished by the Developers that are within the District's boundaries, or outside the District's boundaries if the board of directors determines a benefit accrues to the District from their construction, shall be acknowledged as advances to the District if the improvements meet certain criteria as described in the 2017 Agreement.

76 Commerce Center or the Owners shall have the right to request reimbursement for advances from the District under the 2017 Agreement and specifies simple interest to accrued on amounts certified and accepted for reimbursement at an annual rate of 7.00%. Upon recognition by the District of an advance from either 76 Commerce Center or the Owners, but no more often than once a year, the District shall enter into an infrastructure reimbursement agreement to provide the terms for repayment of the advances plus simple interest. On December 27, 2019, the District entered into an Infrastructure Reimbursement Agreement with 76 Commerce Center (2019 IRA). The 2019 IRA terminates on December 31, 2042. Under the 2019 IRA During the year ended December 31, 2019, the District accepted certified construction costs of \$6,903,249 and reimbursed a total of \$3,894,135 related to the 2019 IRA. At December 31, 2019, the District owed 76 Commerce Center \$3,009,114 in principal and no accrued interest.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**Authorized Debt**

On November 7, 2000 and May 4, 2004 (re-authorization) a majority of the eligible electors of the District authorized the issuance of indebtedness in an amount not to exceed \$59,750,000 at an interest rate not to exceed 18% per annum. On November 4, 2008, a majority of the eligible electors of the District authorized the issuance of indebtedness in the amount of \$5,000,000 for transportation related purposes at an interest rate not to exceed 18% per annum for a total authorization amount not to exceed \$64,750,000. On November 4, 2014, the eligible electors of the District re-voted the authorizations, in part, with some increases for a new total authorization amount not to exceed \$68,500,000.

At December 31, 2019, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	<b>Total Authorized</b>	<b>Remaining at December 31, 2019</b>
Street improvements	\$ 13,000,000	\$ 10,300,186
Park and recreation facilities	1,500,000	1,500,000
Water supply improvements	3,500,000	2,114,271
Sanitary sewer system	8,000,000	1,880,543
Television relay	2,750,000	2,750,000
Mosquito control	500,000	500,000
Public transportation	5,000,000	3,946,761
Operations	2,500,000	2,500,000
Debt refunding	31,750,000	25,483,239
	<b>\$ 68,500,000</b>	<b>\$ 50,975,000</b>

**NOTE 6 – FUND EQUITY**

At December 31, 2019, the District reported the following classification of fund equity.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$12,100 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

The restricted fund balance in the Debt Service Fund in the amount of \$613,162 is to be used exclusively for debt service requirements (see Note 5).

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – FUND EQUITY (CONTINUED)**

**Assigned Fund Balance**

The assigned fund balance in the Capital Projects Fund in the amount of \$459,642 is comprised of amounts assigned by the Board of Directors for the acquisition or improvement of capital assets.

The assigned fund balance in the General Fund in the amount of \$11,322 represents the amount appropriated for use in the budget for the year ending December 31, 2020.

**NOTE 7 - NET POSITION**

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. As of December 31, 2019, the District had a net investment in capital assets in the amount of \$180,601.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2019 consists of \$12,100 for emergency reserves and \$594,873 to be used exclusively for debt service requirements.

In the government-wide financial statements, the District's unrestricted net deficit as of December 31, 2019 totaled by \$6,678,110 primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

**NOTE 8 - RELATED PARTIES**

The members of the Board of Directors of the District, SBD, BPMD No. 3, BPMD No. 5 and Adams East are employees of, owners of, or otherwise associated with BPK and/or the Bromley Companies, and/or Bromley Park Industrial Land Company, LLC, (referred to herein as the Affiliates) and may have conflicts of interest in dealing with the District. BPK is the current owner of part of the property previously owned in the District by Bromley Park Associates, LLC. Specific details of transactions with the Affiliates regarding organization, advances, and debt are described elsewhere in these notes.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – INTERFUND TRANSFERS**

During 2019, the Debt Service Fund made transfers of \$5,913,050 to the Capital Projects Fund to fund future capital expenditures and transfers of \$18,725 to the General Fund for interest earned on pooled investments.

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS**

The agreements listed below relate to one or more of the Districts and are not all-inclusive. Per the District's service plan, the District will be subject to the terms of the Beebe Draw Wastewater Management Agreement regarding provision of sanitary sewer service. The District shall also be subject to the terms of the Storm Drainage Agreement with the City.

**Intergovernmental Agreement Regarding Funding of Regional Storm Drainage Infrastructure**

Effective December 24, 2019, the District and SBD entered into an Intergovernmental Agreement Regarding Funding of Regional Storm Drainage Infrastructure Agreement (Storm Drainage IGA) to set forth the terms upon which the District will remit funds to SBD for the purpose of helping SBD recover the costs of completed and future regional storm drainage infrastructure and facilities that benefit the District.

Under the Storm Drainage IGA, the District agreed to remit to SBD, on an annual basis, 30% of its net revenue defined as District monies available after payment of: (a) all bonds and debt obligations now in existence or hereafter created; (b) all contractual obligations that are not Infrastructure Reimbursement Agreements entered into by the District pursuant to the 2017 Agreement; (c) all operations and maintenance costs of the District and (d) all monies not appropriated or pledged for other purposes by the District. The Storm Drainage IGA shall remain in effect until terminated by mutual agreement of the District and SBD. During 2019 the District remitted \$1,668,915 to SBD pursuant to this agreement.

**City of Brighton**

Pursuant to (1) the Annexation Agreement, as amended by the first, second, third and fourth amendments, among BPK, the City, SBD, BPMD Nos. 2 and 3 and BC, (2) Agreement 2, among BPK, the City, Adams County, SBD, BPMD Nos. 2 and 3, and BC; and (3) the Inter-district IGA, as amended, among SBD, BPMD Nos. 2 and 3 and BC (see Note 1), the parties have the following mutual responsibilities:

In general, the Districts and BPK or assignees are to install improvements and transfer the installed facilities, except for certain specified improvements, to the City for ownership, maintenance and operation.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**Streets** - Bromley Lane was improved by funding from the City, BPK and the Districts. The City is to reimburse BPK for certain sections over a five-year period or require landowners to pay their pro rata share plus interest to the Districts when annexed to the City. The Districts are to pay for their certain sections when development dictates. In 2001, BC transferred the responsibility to plant and maintain the medians to BPMD No. 5.

Danube Street (or of such other designation as it may be re-named at the option of the City) is to be developed and installed, but if completed by BPK or the Districts, the City will reimburse the Districts for a portion of the costs incurred. The Districts agree to perform street reconstruction and asphalt overlays on all streets as requested from the City as long as the sales and use taxes are remitted by the City. Other streets are to be constructed by the Districts and transferred to the City for perpetual maintenance.

**Water** - On May 28, 1996, a third amendment to the Annexation Agreement was completed which stipulated that the City would provide water service to the Bromley Park Property to full development as determined under the Phase Master Plans under certain conditions. Of the City's water plant investment fee, \$300 is paid to or retained by SBD. In consideration of BPK (assigned the role of annexor in the Annexation Agreement) designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a non-potable water system, the City will provide water taps for certain public areas at no charge.

**Sewer** - The City is to provide sewage collection and treatment capacity to the full development of the BPK Property (also referred to as the Bromley Park Property). Pursuant to the fourth amendment to the Annexation Agreement, approved by the City on October 21, 1997, and entered into on November 4, 1997, the City has fulfilled its obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by entering into the Beebe Draw Wastewater Agreement between the Town, SBD, BPMD Nos. 2 and 3, and BC, dated November 4, 1997. The Town is the Wastewater Management Agency for the Beebe Draw Service Area. The Beebe Draw Wastewater Services Agreement was amended on August 14, 2009 (see below). Pursuant to the terms of the Inter-district IGA, as amended, the District was designated as the entity to coordinate the financing, planning, construction, ownership and maintenance of certain infrastructure including sewer for the Districts (see Note 1).

The City remains obligated to provide transmission and treatment service to the property draining into the South Platte Basin. SBD or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission lines and facilities as stipulated in the Sanitary Sewer Master Plan regardless of drainage basin.

**Storm Drainage** - Pursuant to the second amendment to Annexation Agreement approved on November 11, 1994 and in consideration of BPK's payment of storm drainage fees, the City agreed to provide all offsite storm drainage improvements for the BPK Property. The third amendment to the Annexation Agreement entered into on May 28, 1996 provided for the ability of SBD, BPMD Nos. 2 and 3 and BC to undertake offsite storm drainage activities for property in the Beebe Draw Basin which would include being solely responsible for all offsite drainage

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

for the Bromley Park Property within their boundaries (which is within the Beebe Draw Basin). In such event, (1) SBD, BPMD Nos. 2 and 3, and BC would pay for offsite improvements, (2) the City would forego collecting drainage fees and reimbursement, and (3) the drainage fees, as may be appropriate, would be collected by SBD, BPMD Nos. 2 and 3 and BC. As part of this undertaking, SBD, BPMD Nos. 2 and 3 and BC entered into the Inter-district IGA, as amended, for the purpose of designating SBD to coordinate the financing, planning, construction, ownership and maintenance of certain infrastructure including storm drainage (see Note 1). The Districts and/or BPK are to construct all onsite storm drainage improvements.

**Beebe Draw Wastewater Service Agreement**

On November 4, 1997, SBD, BPMD Nos. 2 and 3, and BC entered into the Beebe Draw Wastewater Services Agreement with the City and the Town to provide a comprehensive program to finance, design, construct, acquire, operate, maintain and use wastewater treatment and discharge facilities serving properties within the Beebe Draw drainage basin. This agreement was amended on August 14, 2009 by the First Amended and Restated Beebe Draw Wastewater Service Agreement (2009 WSA) between the City, the Town and SBD. The terms of the 2009 WSA amended and restated the 1997 agreement in its entirety, redefined the Beebe Draw Service Area, addressed future annexations east of Interstate 76, redirected certain services to the City, outlined conditions for expansion of the treatment plant, provided general rules for wastewater treatment service, established provisions for capital funding using Plant Investment Fees (PIFs) and operation and maintenance funding, provided for the Lochbuie Sewer Board, outlined specific terms for the construction of additional infrastructure within the Town or City by SBD (which is not anticipated), and provided for rates and charges to be imposed and collected. SBD is responsible for constructing and financing certain sewer lines and receives fees from all areas served by the lines, including property within the District. PIFs are due for connections to the sewer system for treatment facilities within the corporate limits of the Town to be paid directly by builders to the Town. Future expansion of the facilities will be coordinated under the terms of this agreement.

Further, under the agreement, the City and Town are to collect and remit to SBD certain fees equal to the greater of \$1,301.60 or 40% of the applicable PIF imposed by the Town for a sewer connection fee. These fees are applied toward payment of the SBD 2005 bonds and for other District purposes. SBD's sewer line connection fee at December 31, 2019 was \$1,301.60.

**System Development, Infrastructure and Infrastructure Support Fees**

The District can impose certain system development and infrastructure fees. As of December 31, 2019, the fees that the District can impose per single-family equivalent as follows:

System development fee - \$2,244 per unit  
Infrastructure fee - \$1,106 or \$1,954 per unit depending upon type of unit

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

In addition, the District imposes system development fees for commercial, office and industrial property at \$0.84, \$0.69 and \$0.34 per square foot of gross building area, respectively.

On February 10, 2011, the District's Board of Directors adopted a resolution authorizing the imposition of an infrastructure support fee. The fee is due and payable each year on the first day of August until a certificate of occupancy is issued for the lot. The fee shall be imposed but waived on a dollar-for-dollar basis to the extent that the owner of such undeveloped lot provides any developer advances to the District from August 2 of the year immediately preceding the imposition of the infrastructure support fee to August 1 of the year the infrastructure support fee is imposed. At December 31, 2019, the fee was \$975 per undeveloped lot and \$7,800 per acre for undeveloped lots designated for multi-family or non-residential use within the District. The District has determined that the fee is not required for fiscal years 2019 and 2020 and will not be required until such time as the joint fee resolution is amended to impose an infrastructure support fee.

**NOTE 11- RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, 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 (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.

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

**NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS**

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

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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 District's eligible electors approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 7, 2000, a majority of the District's electors authorized the District to increase taxes \$500,000 annually (increased to \$2,500,000 with eligible elector authorization on November 4, 2014) for District operations, maintenance and other expenses with such taxes consisting of a mill levy imposed without limitation of rate and as a voter-approved revenue change without regard to limitations of TABOR and Section 29-1-301, C.R.S. The electors also authorized the District to collect, retain and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR. This authorization was re-voted on May 4, 2004 and November 4, 2014 by the eligible electors of the District.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 547,609	\$ 547,609	\$ 547,609	\$ -
Specific ownership taxes	43,800	43,800	45,308	1,508
Interest	1,000	18,000	18,727	727
Total revenues	<u>592,409</u>	<u>609,409</u>	<u>611,644</u>	<u>2,235</u>
<b>EXPENDITURES</b>				
<u>General</u>				
County treasurer fees	8,214	8,214	8,214	-
<u>Debt service</u>				
Bond principal - Series 2015	300,000	300,000	300,000	-
Bond interest - Series 2015	230,032	230,032	230,032	-
Note issuance costs	-	85,000	84,700	300
Paying agent fees	2,500	-	-	-
Total expenditures	<u>540,746</u>	<u>623,246</u>	<u>622,946</u>	<u>300</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>51,663</u>	<u>(13,837)</u>	<u>(11,302)</u>	<u>2,535</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation refunding loan	-	5,650,000	5,650,000	-
Transfer to other funds	<u>(350,000)</u>	<u>(5,932,000)</u>	<u>(5,931,775)</u>	<u>225</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(282,000)</u>	<u>(281,775)</u>	<u>225</u>
<b>NET CHANGE IN FUND BALANCE</b>	(298,337)	(295,837)	(293,077)	2,760
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>908,784</u>	<u>906,239</u>	<u>906,239</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 610,447</u>	<u>\$ 610,402</u>	<u>\$ 613,162</u>	<u>\$ 2,760</u>

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
System development fees	\$ -	\$ 300,000	\$ 299,628	\$ (372)
Total revenues	<u>-</u>	<u>300,000</u>	<u>299,628</u>	<u>(372)</u>
<b>EXPENDITURES</b>				
<u>General</u>				
Reimbursement of project costs	-	1,670,000	1,668,915	1,085
<u>Debt service</u>				
Repayment of developer advances	-	3,894,500	3,894,135	365
<u>Capital outlay</u>				
Stormwater improvements	447,476	-	-	-
Public infrastructure	-	7,200,000	7,190,711	9,289
Total expenditures	<u>447,476</u>	<u>12,764,500</u>	<u>12,753,761</u>	<u>10,739</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>				
	<u>(447,476)</u>	<u>(12,464,500)</u>	<u>(12,454,133)</u>	<u>10,367</u>
<b>OTHER FINANCING SOURCES</b>				
Developer advances	-	6,903,500	6,903,249	(251)
Transfer from other funds	350,000	5,913,000	5,913,050	50
Total other financing sources	<u>350,000</u>	<u>12,816,500</u>	<u>12,816,299</u>	<u>(201)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(97,476)	352,000	362,166	10,166
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>97,476</u>	<u>97,476</u>	<u>97,476</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 449,476</u>	<u>\$ 459,642</u>	<u>\$ 10,166</u>

## **OTHER INFORMATION**

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2019**

**\$7,320,000 Series 2015**  
**General Obligation Refunding Loan**  
**Dated December 1, 2015**  
**Interest Rate of 3.52%**  
**Payable on June 1 and December 1**  
**Principal Due December 1**

**\$5,650,000 Series 2019**  
**General Obligation Refunding Loan**  
**Dated December 1, 2019**  
**Interest Rate of 3.50%**  
**Principal and Interest Due December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total All Loans</u>
2020	\$ 322,500	\$ 219,472	\$ 541,972	\$ 90,000	\$ 181,820	\$ 271,820	\$ 813,792
2021	347,500	208,120	555,620	95,000	194,600	289,600	845,220
2022	372,500	195,888	568,388	100,000	191,275	291,275	859,663
2023	392,500	182,776	575,276	105,000	187,775	292,775	868,051
2024	423,500	168,960	592,460	125,000	184,100	309,100	901,560
2025	4,376,500	154,053	4,530,553	135,000	179,725	314,725	4,845,278
2026	-	-	-	145,000	175,000	320,000	320,000
2027	-	-	-	155,000	169,925	324,925	324,925
2028	-	-	-	170,000	164,500	334,500	334,500
2029	-	-	-	4,530,000	158,550	4,688,550	4,688,550
	<u>\$ 6,235,000</u>	<u>\$ 1,129,269</u>	<u>\$ 7,364,269</u>	<u>\$ 5,650,000</u>	<u>\$ 1,787,270</u>	<u>\$ 7,437,270</u>	<u>\$ 14,801,539</u>

**BROMLEY PARK METROPOLITAN DISTRICT NO. 6**  
**SCHEDULE OF ASSESSED VALUATION,**  
**MILL LEVY AND PROPERTY TAXES COLLECTED**  
**December 31, 2019**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2008	\$ 6,954,720	18.000	\$ 125,185	\$ 125,185	100.00%
2009	\$ 8,708,970	18.000	\$ 156,761	\$ 156,761	100.00%
2010	\$ 9,031,710	18.000	\$ 162,571	\$ 162,571	100.00%
2011	\$ 8,683,770	18.000	\$ 156,308	\$ 156,308	100.00%
2012	\$ 8,398,790	18.000	\$ 151,179	\$ 148,302	98.10%
2013	\$ 8,457,390	18.000	\$ 152,233	\$ 152,233	100.00%
2014	\$ 9,560,370	18.000	\$ 172,087	\$ 163,443	94.98%
2015	\$ 9,710,230	18.000	\$ 174,785	\$ 174,785	100.00%
2016	\$ 18,699,440	26.000	\$ 486,185	\$ 486,185	100.00%
2017	\$ 18,814,260	35.000	\$ 658,499	\$ 652,317	99.06%
2018	\$ 18,797,610	35.000	\$ 657,916	\$ 657,916	100.00%
2019	\$ 18,253,630	35.000	\$ 638,877	\$ 638,877	100.00%
Estimated for the year ending December 31, 2020	\$ 29,679,930	35.000	\$ 1,038,798		

**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.